

**Planning
Successful
Fund Raising
Programs**

**By
Ken Wyman**

for

The Canadian Centre for Philanthropy

Le Centre canadien de philanthropie

SECOND EDITION

Ken Wyman wishes to express thanks to Susan Stern and Elizabeth d'Anjou for editing and improving this edition to make it easier to understand.

Planning Successful Fund Raising Programs

Second Edition

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About the Author

Ken Wyman is a specialist in helping non-profit groups grow through better fund raising, volunteerism and communications.

Ken's lively seminars have proved popular all across Canada. His annual two-day workshop on *The Essentials of Fund Raising* at The Canadian Centre for Philanthropy fall conference is a perennial hit.

He is the author of three books on fund raising, which the Canadian government gives free to non-profits. The most recent book is *The Guide to Special Event Fund Raising*. His mini-encyclopedia, *Everything You Need to Know to get Started in Direct Mail Fund Raising*, and *GuideBook to Fund Raising for Disabled Persons' Groups* are also available. All are available in French, too. Please see the back of this book for information on how to order.

Ken leads a team of experienced consultants at Ken Wyman and Associates, Inc. (KW+A). Together, they have helped hundreds of organizations raise millions of dollars. Some clients are grass roots groups with no staff or office; others are multi-million dollar agencies. Many more organizations have attended KW+A's lively seminars all across Canada. They help people in almost every endeavour: health, social service, culture, sports, the environment, religion, politics, and women's issues.

As founder of the Grass Roots Network, Ken publishes a newsletter for non-profits called the *Brown Bag Papers*. He is also on the Board of the Canadian Society of Fund Raising Executives.

Before becoming a consultant, Ken was National Coordinator of Fund Raising and Publicity for OXFAM-Canada, the third world development agency. He helped reverse their seven-year decline in income, tripling public donations to \$1.2 million a year.

Earlier, as a journalist and photographer, Ken filed news and human interest stories from across Canada, Europe, South America and the Middle East. He has written stories for *The Globe and Mail*, *The Toronto Star*, *The Financial Post*, *Morningside*, *As It Happens*, and *CBC National News*, among others.

Ken Wyman and Associates Inc.
64B Shuter Street, Suite 200
Toronto, Ontario
M5B 1B1
(416) 362-2926

PLANNING SUCCESSFUL FUND RAISING PROGRAMS

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THE GUIDE TO BAD PLANNING

"Cheshire Puss, would you tell me, please, which way I ought to walk from here?"

"That depends a good deal on where you want to get to," said the cat.

"I don't much care where," said Alice.

"Then it doesn't matter which way you walk," said the cat.

"...so long as I get somewhere," Alice added.

"Oh, you're sure to do that," said the cat, "if only you walk long enough!"

Lewis Carroll
Alice in Wonderland

**Failing to plan
is
planning to fail.**

WHAT IS PLANNING?

Planning is

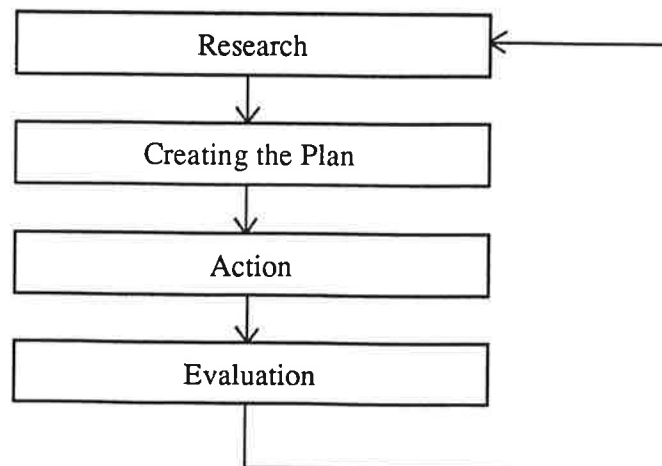
A *systematic* process of setting *measurable* goals in relation to *needs*, *researching* relevant data, comparing *options*, minimizing *risks*, balancing *resources*, taking *appropriate* action, and *evaluating* results so you can make *changes* for the next plan.

In this book, we'll talk about two types of planning:

Program Planning: How to have your *whole* fund raising program, with all the different components, such as direct mail, events, grants, etc., planned out for a year or more.

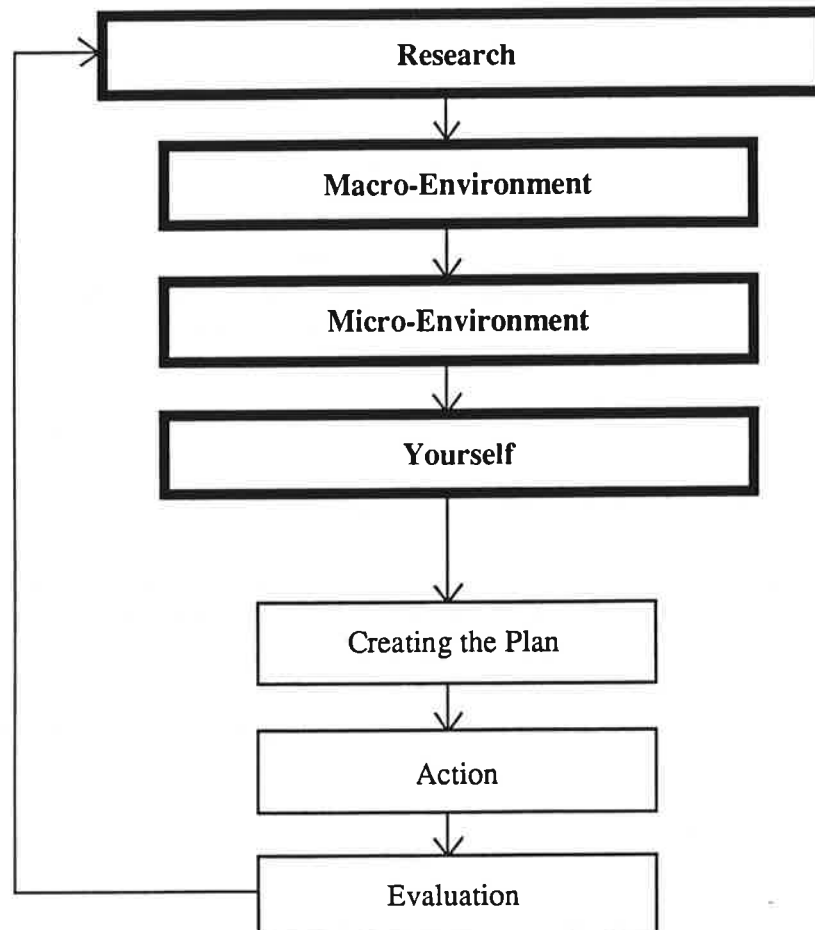
Project Planning: How to make sure each separate component is planned well.

There are 4 steps in planning:



Each step has internal stages.

Here are the stages in Research:



RESEARCH

There are three key areas for investigation before you can start to create the plan.

The macro-environment

What's happening in fund raising for *all* non-profits in Canada?

- Economics
- Social Trends
- Technology
- Fund Raising Techniques

The micro-environment

What's happening for non-profits *like yours* and around your group?

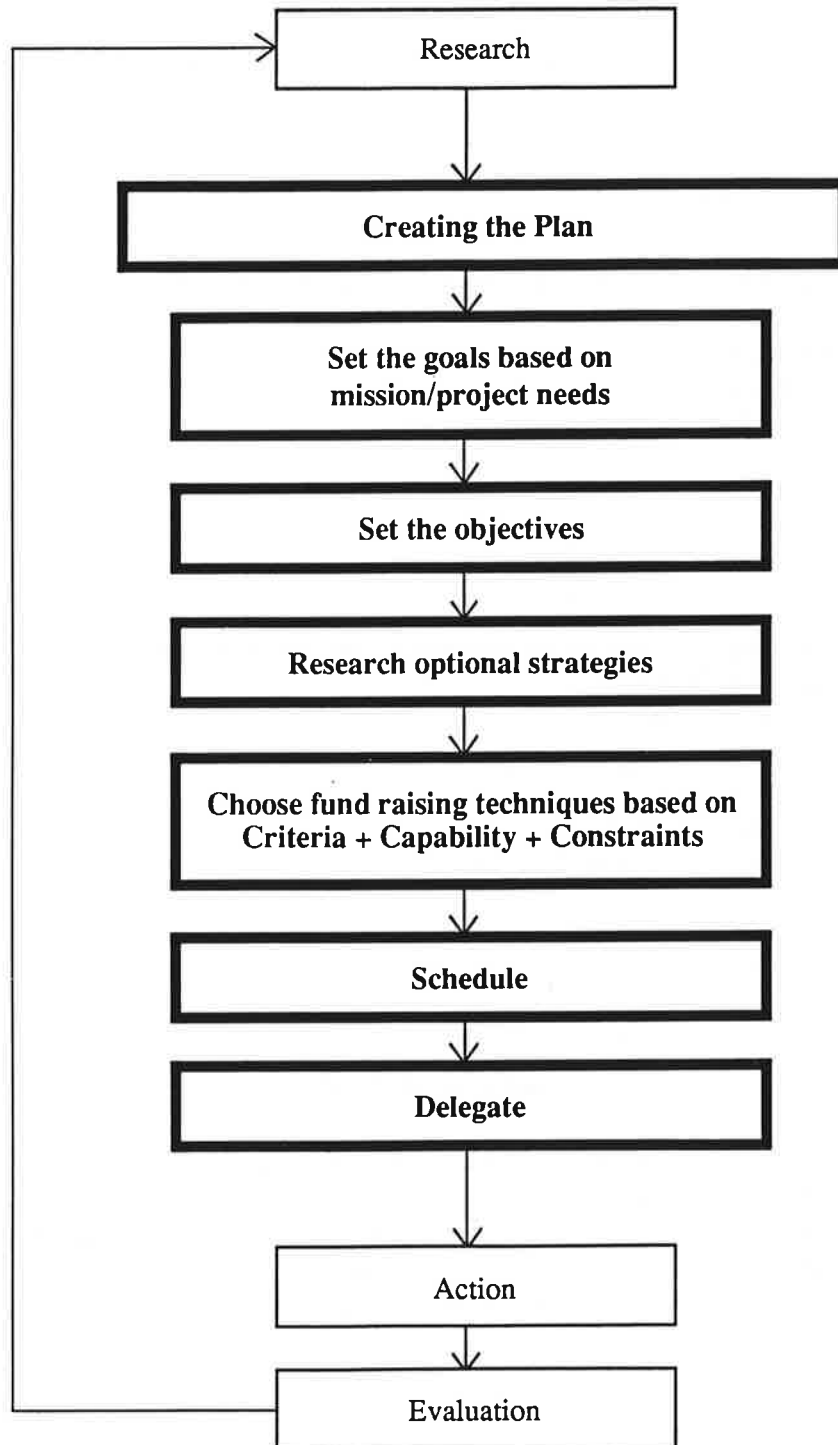
- By Issue/Cause
 - popularity
 - fund raising techniques
- By Geography
 - local economics
 - fund raising techniques

Yourself

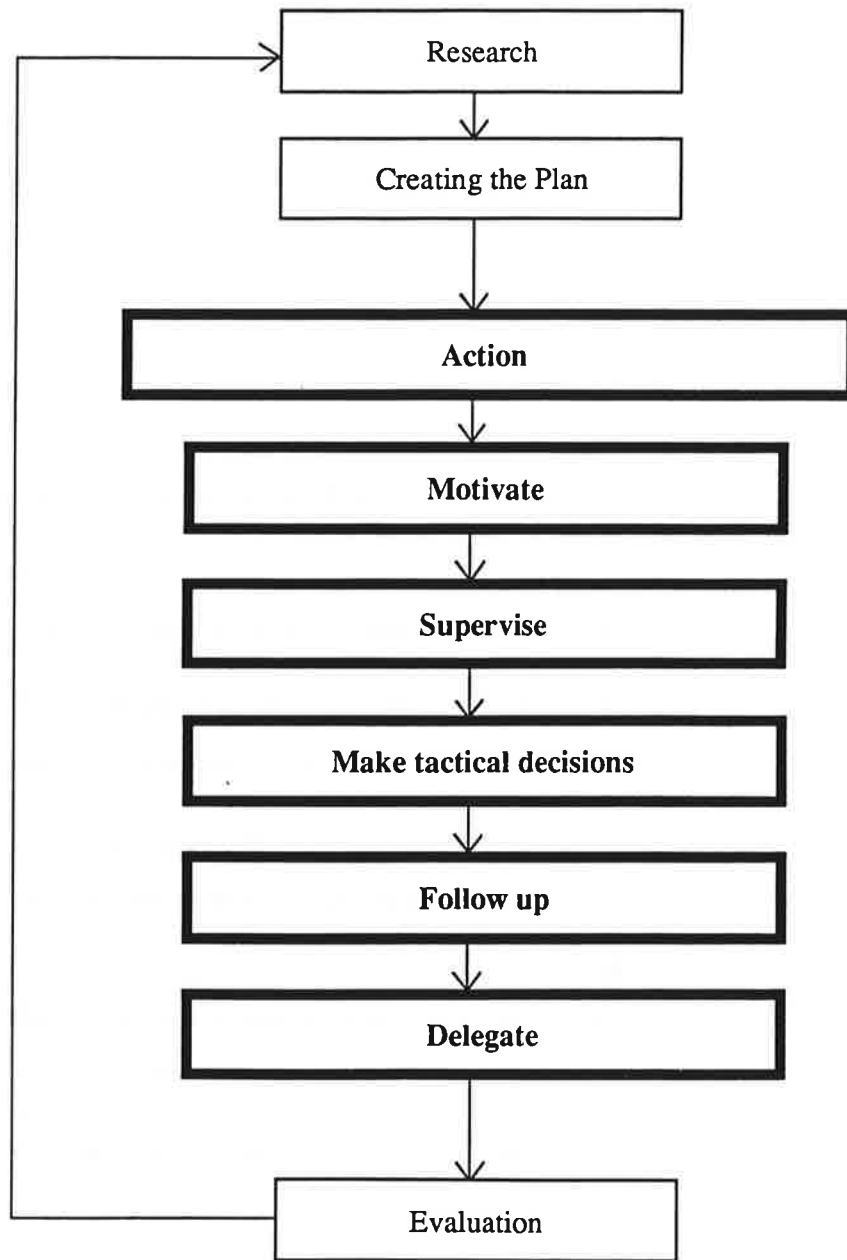
What's happening inside your own organization?

1. What would the funds accomplish? (Clarifying the mission)
2. What's our fund raising history?
3. What human and financial resources can we invest? (Capability)
4. Who are our potential donors? (Capability)
5. What policies and attitudes limit how we fund raise? (Constraints)

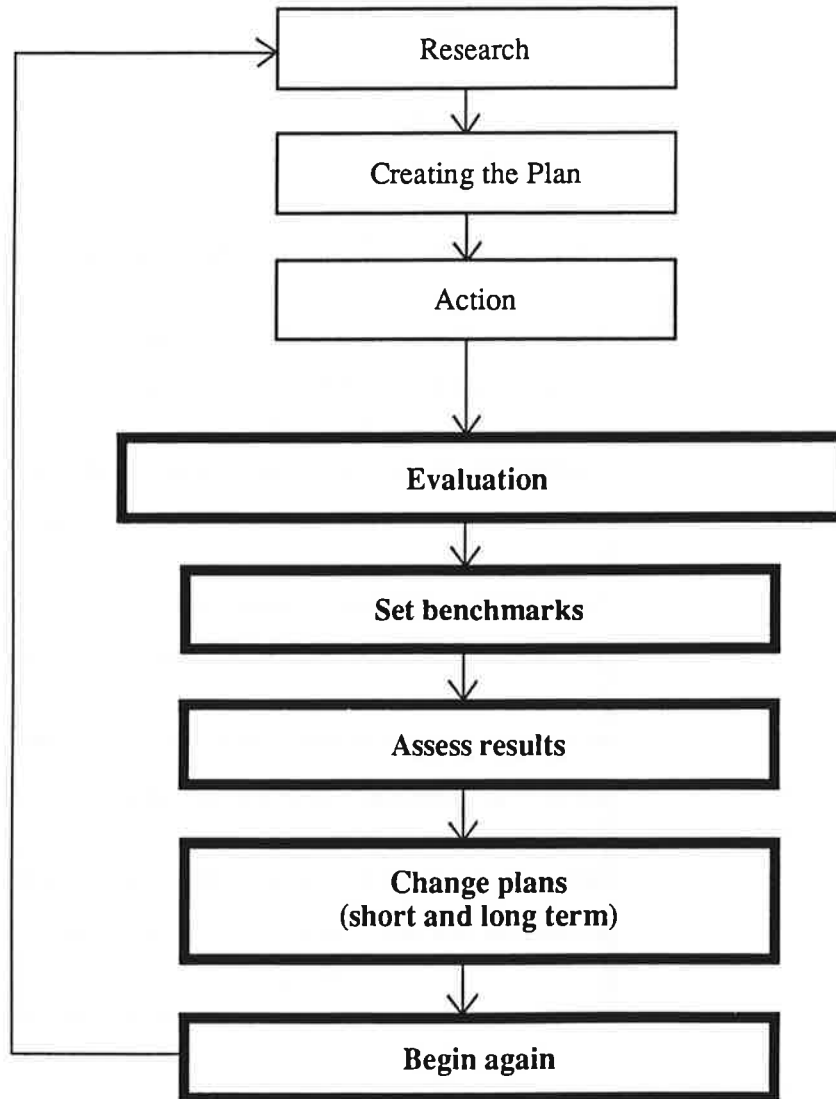
The stages in Planning:



The stages in Action:



The stages in Evaluation:



WHAT IS A FUND RAISING PROGRAM?

A fund raising program is not just a series of isolated fund raising events. It is integrated with the organization's mission and projects. The important features of a fund raising program are as follows:

It is multi-year:

- long term growth is important;
- donor loyalty is worth more than any single gift.

It connects:

- public relations,
- donor acquisition,
- cultivation,
- donor renewal,
- upgrading,
- recognition.

It fits available resources:

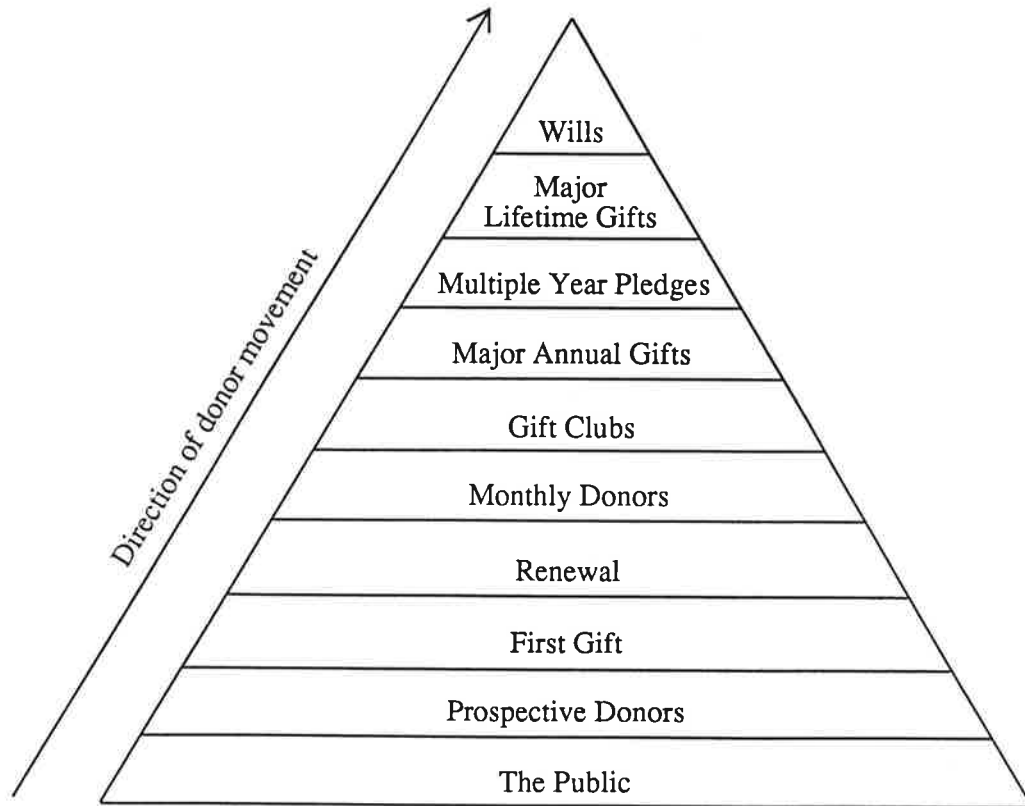
- human (staff and volunteer);
- financial.

It plans to renew and expand resources.

It focuses energy appropriately:

- Not all donors are created equal.
- Use your time to the best advantage.

THE DONOR PYRAMID



This pyramid is the centre of the fund raising planning process. The diagram is designed to demonstrate that a fund raising plan moves people from the bottom to the top. After all, 80% of the money comes from the top 2 or 3 categories.

Many charities have totally separate fund raising activities, each designed to make money on their own. A well planned program integrates all the fund raising, with an eye to the stages of the pyramid.

Let's take a quick look at each stage.

1. The Public

The whole public won't support your non-profit. In fact, a large portion of them never give to any charity. The important step is to identify what portion of the public has potential and is therefore part of the next stage.

2. Prospective Donors

These are your main target groups: people with enough money and interest in your work to contribute. Not all of them will ever actually give. And some prospects are more important than others, because they can either give more, or influence others to give. This may not be egalitarian, but it is real.

3. First Gift

The most expensive part of fund raising is getting people to make their first gift to you. In direct mail, this is essentially a break even proposition - it may cost you 95 cents to raise \$1. Response rates of 1% are typical in prospect mailings. This means you are literally looking for the one person out of a hundred who can and will respond to your appeal.

In a special event, it may cost 25 cents or 50 cents to raise a dollar - and sometimes it costs more than a dollar. It's only worth getting the first gift if you plan to get people to give again many times.

In an Ottawa planning seminar, one of the participants was a volunteer from a youth group who earns her living working at Readers' Digest. She acknowledged that Readers' Digest may spend several times the cost of a one year subscription to get someone to subscribe. Why? Because the subscriber renews, and buys other products, like books, and the number of subscribers justifies advertising rates. The same is true for a charity. Donors may renew, they may give to other parts of your work, and their involvement may help justify grants.

4. Renewal

If the first gift is the most expensive stage, then the renewal is the trickiest.

About 40% to 60% of those who give once will renew, if asked right. Your skill makes the difference between the low end and the high end.

Unfortunately, many charities treat all donors like first-time givers. They don't write different letters to people who are strangers and to those who are part of the family. They don't refer to previous gifts and the good they've done. They don't build a connection.

Renewal should mean not just one gift a year, but several opportunities to give every year. Many donors will respond repeatedly if each appeal is phrased as a different project. At OXFAM-Canada, the same donors may be asked to give 7 times a year, but each request is different. One may be for southern Africa, the next for Central America, the one after that for women's projects, then for food

projects, then health care, education, children, and so on. Every organization can divide its approach into multiple variations. If the appeals are interesting enough, most donors don't object. For the few who do, an organization can provide the option of being put on the once-a-year-only list.

Too many non-profit groups plateau at this level. They settle for finding new donors, and getting repeat gifts from time to time. They are missing a substantial portion of the income that would be available from their current donor base if they just launched a conscious process of upgrading. In many cases, the charity doesn't need *more* donors - just more donations from the current donors.

5. Monthly Donors

About 10% to 20% of the average charity's donors would give monthly, if it was easy. People who would never dream of writing a single cheque for \$120 happily give \$10 or more every month. This substantially increases the organization's income, provides a steady base for cash-flow planning, and increases the donor's positive feelings of commitment.

There are several ways to set up monthly gift plans:

Requesting post-dated cheques is the worst method. Donors tend to get writer's cramp after writing five, six, or seven cheques. Then, if you want them to give monthly again next year, you must start all over again, requesting more post-dated cheques.

Credit cards are better. Any charity can arrange to take donations by credit card. Simply visit your bank and ask for help opening a credit card "merchant's account". Banks do charge a fee for credit card usage - usually 2% of the amount deposited, although some charities have negotiated less. Ask the donors for authorization to bill them each month on their credit card.

Electronic Funds Transfer (EFT) is the easiest method. This is also known as Pre-Authorized Payments (PAP) or Pre-Authorized Chequing (PAC). In this case, the donation is automatically deducted from the donor's chequing account each month, and deposited to your organization's account. The donor signs a simple form and provides a blank cheque marked void. This process is very common outside fund raising, and becoming more common inside.

Payroll deductions is a fourth way. However, it is not widely available except for the United Way and other very large charities. It is usually hard to break in. Even if you get a company's permission to make deductions, the hard part is ahead. Now you must get access to the employees and persuade them to sign up. We don't recommend it unless you are a large, popular charity, or happen to have

many supporters working for a particular company (this can happen in a small community).

6. Gift Clubs

Gift clubs are the next step in upgrading donors. These are familiar in the arts world. We've all seen programs listing Benefactors, Sustainers, Patrons, President's Circles and other suitably named categories. They are also popular among university alumni associations. Any charity can set up its own categories. Many donors respond positively to the opportunity to be part of an exclusive circle available to those who give at a set level. Club members get special privileges that are of largely psychological value. For example, members of the "Friends of X" get invited to a special reception once a year -- at which they are asked to give more money. Those who are more generous might be called "Members of the Chancellors' Circle", and they would be invited to *two* receptions a year at which they would be asked to give more money. People so committed that they give, say, \$25,000 to become "Members of the Society of Angels on High", are invited to *three* receptions, at which... et cetera, et cetera.

Is this elitist? Possibly. But it works. One more egalitarian solution is to invite a chosen few people of special merit to attend the receptions and be members of the various clubs based on their volunteer activity, or exceptional giving considering their income level.

7. Major Annual Gifts

These are the next level up the pyramid. These are people (or sometimes corporations, foundations, service clubs or other institutions) who give extraordinarily large sums of money practically every year. They are handled differently than those at lower levels. They are more likely to give as a result of a face to face visit. Their letters are personalized, not printed "Dear Friend". They may be invited to visit the projects. Far too many organizations fail to cultivate these people. Such groups settle for those rare major donors who come forward without being asked.

8. Multiple Year Pledges

These are for donors who can be persuaded to make long-term commitments. For example, someone may pledge \$50,000 payable over 5 years, at \$10,000 a year. For some charities, that is unimaginably rich - they should remove one or two zeros from the figure in this example - but the process is the same. Larger groups may wish to add one or two zeros.

9. Major Lifetime Gifts

These are made under very special circumstances by devoted supporters. It may take years of cultivation to prepare donors for this. It is unlikely they will give you a gift this large again; they may never have given anyone else such a large gift. The current record in Canada is an anonymous gift of over \$13 million to Simon Fraser University. The University of British Columbia received \$10 million soon afterward.

These major lifetime gifts are sometimes made to honour a loved one. Often they are made because the donor happened to have liquid capital available at that time.

10. Wills and Bequests

These form the very peak of the pyramid.

The simplest place to start a wills program is with regular notices in your newsletter.

Then, start by signing up your inner circle. You must act first. Don't ask anyone else to do what you won't do. You don't have to be wealthy - leave them your stereo for the office. If you died today, God forbid, and if your "estate" was 10% smaller, would it seriously hurt your dependents? If not, leave 10% to your charity. You can always change your will if you leave your job!

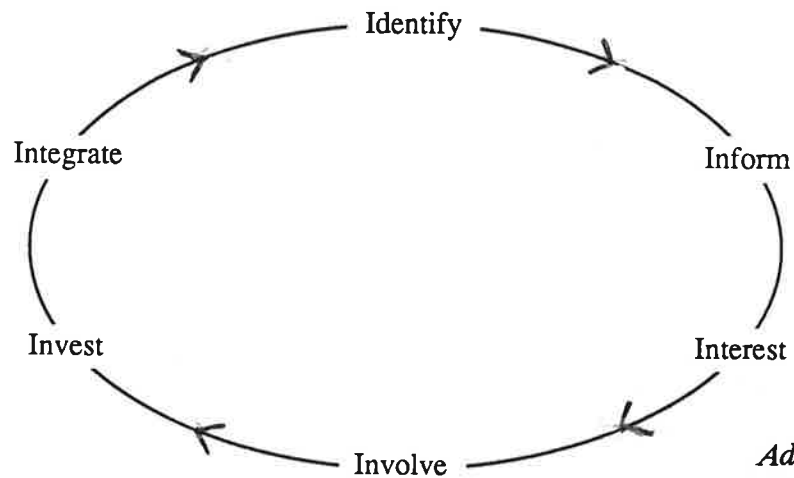
Once you've done it, start approaching a few selected board members. Don't try to pass a resolution at the board meeting - do it one-by-one in quiet conversations. Then get one of the supportive board members to start talking to your most supportive donors.

If you'd like more information on how to set up a program, ask your favourite church for a sample of their material on wills and bequests. Most have well thought-out programs.

How do you plan a multi-year relation with each donor?

**Don't strip-mine!
Donors are a renewable resource,
requiring conservation.**

The relationship with a donor is a cycle:



*Adapted from
Buck Smith*

You begin by *IDENTIFYING* a potential donor. Then slowly prepare him/her before you ask for the gift.

INFORM the donor about your existence, your projects, your importance.

Get the donor's *INTEREST*, perhaps with a good story about your work.

INVOLVE the donor, by asking him/her to complete a simple survey, attend an educational event, or become a volunteer.

Then you will get an *INVESTMENT*, with all the positive values the word carries, not just a small contributions.

But the gift doesn't end it by any means. You must *INTEGRATE* the donor into your organizational family.

And then you begin again, *IDENTIFYING* those donors who will give again, perhaps at a higher level. Picture this as a spiral, in three dimensions, working up the pyramid from the public to wills.

What do we mean by CULTIVATION?**HOW TO GROW A DONOR**

As every gardener knows...

First you dig a little. Choose the seed and prepare the soil.

Then add plenty of fertilizer. Too much will burn. Too little leaves the growth underdeveloped. The wrong kind produces odd arrangements, all roots and no fruit.

Plant the seed.

Water regularly.

Weed carefully.

Patiently let the sunshine work.

And then you might get a good harvest!

TRANSLATION...

Do your research. Get to know your prospect's interests.

Add PR - also known as BS.

Connect a donor to a project.

Keep up your contacts.

Focus on the most promising prospects.

Don't rush a donor.

THE FUND RAISING PLANNING CHECKLIST
--

This will serve as a guideline both for immediate action and in the long term.

Task	Yes	No	Needs Work
We have a written mission statement, a short, clear, exciting explanation of why it is important the organization succeeds.			
Our financial goals mesh with our project goals.			
We have researched national trends in fund raising.			
We have researched local trends in fund raising.			
We have researched trends among other organizations like ours.			
We have researched our fund raising history.			
We know what human resources are available to us.			
We know what financial resources we have available to invest.			
We know our potential donors' interests.			
We have clear criteria for successful fund raising.			
We know what return we can expect on dollars invested (ROI).			

Task	Yes	No	Needs Work
We know what return we can expect on time invested (ROI).			
We know what different types of fund raising usually cost and return.			
We are not dependent on just one funder.			
We are not dependent on just one fund raising technique.			
We make good use of volunteers in fund raising.			
The volunteers think so, too.			
Staff are not expected to do most of the fund raising.			
All our board members give some money to the campaign, to the best of their ability.			
Some board members are actively involved in fund raising, beyond going to meetings.			
Board, staff, and volunteers all know what the money is for.			
They define the need in terms of our mission, our projects, and people helped, not core costs.			
All appropriate people have a voice in shaping the plan.			
They also have enough time to think about their suggestions.			
All appropriate people have written copies of the plan.			
They actually look at the plan regularly, and don't just let it gather dust on the shelf.			

Task	Yes	No	Needs Work
Progress toward objectives is evaluated regularly and adjustments are made to the plan.			
The whole plan is reviewed at least once a year and adjusted.			
Fund raising isn't always the last item on the board's agenda.			
At least some board members are recruited for their fund raising ability.			
We stick to the plan.			
We test new types of fund raising.			
We repeat successful fund raising techniques, and are not always trying new ideas.			
We upgrade our donors regularly.			
We more than replace donors that we lose.			
We have good donor records.			
There is time and money for fund raising staff and volunteers to have professional development.			
We research fund raising techniques before launching a campaign, so we know the chances for success.			
We're not constantly in a funding crisis.			
We don't create crises by waiting until a grant has almost expired before finding other funding sources.			
Fund raising volunteers and staff don't feel burned out.			

Task	Yes	No	Needs Work
We know how much money the projects will need next year.			
We know roughly how much money the projects will need in five years.			
We know roughly how much money the projects will need in ten years.			
Other			

HOW TO PLAN

Are you planning to raise funds?

Why is planning so important?

It

- gives direction
- requires teamwork
- creates a clear process
- avoids problems
- clarifies costs
- balances effort with the outcome.

Why do the best laid plans of mice and wo/men oft go astray?

- Too Pure for Politics: People are not always logical, even if plans are. Personal values cause detours from the carefully worked out plan. Getting agreement requires playing politics - "I'll support you in X if you support me in Y" - and many people want it all to be decided openly.
- Analysis Paralysis: Organizations can't commit to a plan without spending inordinate amounts of time on research.
- One Person Plans: If only one person is involved in shaping the plan, others may not have a sense of ownership, and may feel free to ignore the plan. This is typical in very hierarchical organizations, where it manifests itself as top down planning. It also shows up in decentralized groups, where the planner has no power but fails to consult adequately.
- Anti-Fund Raising Attitude: Many organizations have love-hate feelings about fund raising. They recognize its importance, but resent the process. Antipathies include: the time spent on fund raising; the power fund raising sometimes gives to donors; the "manipulative" techniques used. As a result, a fund raising plan

may be undercut by ethical and pseudo-ethical issues. These can emerge in the planning stage, making the process long and frustrating. This may mean a given organization refuses to use widely practised techniques. The attitude may become pronounced after the plan is approved, in the implementation stage, when people suddenly refuse to cooperate with an effort they now view as objectionable. These problems are wide spread and must be anticipated.

Sociologists point out that
planning is one of the few
reliable indicators of class.

Rich people plan ahead
for a few generations.

Poor people plan
for Saturday night.

Gloria Steinem

PLANNING FOR GOOD PLANNING

Planning is hard! How can you make good planning a reality for yourself and your organization?

Who should be involved?

Key point: Planning is not a one-person job.

Brainstorm ideas for who could help in planning. The following list may cover too much territory - not every group will need all these categories, though most will need the first few. Answers should include:

Board members

- Involve all of them to some degree.
- Involve a few of them (who have talent) intensively.

Implementors (i.e., those who will carry out the plan)

- In a large organization, this may mean surveying staff and volunteers for their advice.

- Don't forget fund raising volunteers who may not be on the board, but who are on one or more fund raising committees - they may have valuable insights.
- Don't overlook staff, no matter how lowly, who have daily decision making power in fund raising.

Relevant story: Once upon a time, not too long ago, in a land not too far away, in an organization very much like yours, a trusted old volunteer was put in charge of sending out the thank-you letters and tax receipts to donors. All seemed to be going smoothly, until the staff fund raiser accidentally discovered that the volunteer had been sending out the tax receipts *without* the agreed-upon thank-you letter, because she "didn't like the tone of letter". Moral of the story: anyone can make plans - but the people who are supposed to carry them out have the real power to implement them - or not!

People affected by the results

- This includes clients, patients, concert-goers, etc. It's important to involve the ultimate beneficiaries of the fund raising. Organizations helping disabled people have learned the hard way that it is important how an appeal is phrased. Many disabled people have attacked well-meaning charities for fund raising campaigns that evoke pity for the helpless, instead of stressing the ability of the differently-abled.

Donors

- Asking a sampling of the donors for opinions and even direct input on the plan may affect the systems used. At the most minimal, this is similar to market-testing in the business world. More elaborate versions can involve supporters selected as representatives of various types of donors, such as corporations, small donors, foundations, religious donors, etc. Caution: There is often a difference between what donors *say* they like, and what they *actually* respond to. Don't be misled by opinions, no matter how strongly held. For example, in direct mail prospecting, 99 out of 100 potential donors may hate the package - yet it can still be a success, since a 1% response rate is typical. Donors' views are important, but techniques should be chosen on the basis of test results, not democratic votes on personal likes and dislikes.

Expert planners

- Include people who are trained and experienced in the planning process. Often they can be recruited as volunteer advisors. Planning is a specialized field, and people don't become good at it overnight.

Where can you find such people? They often work at city hall, in the town planning department. (No matter what you think of the quality of town planning after the politicians have finished with it, some of these people are good planners.) Many large companies have planning departments. Engineers and architects often get courses in this subject as well. Also some colleges and universities have people who teach planning.

Expert decision-makers

- Some people are good at making the right decisions. This can be a different skill from planning. They can ask just the right, perceptive questions. They also know when to stop researching (even if the facts are incomplete) because a timely decision is required. While it is best to have someone with these skills involved in an on-going role, so they are thoroughly familiar with the group, some people can walk in cold and do it.

Where do you find them? Sometimes they are senior business executives. Beware, however, of the executives who are overly focused on just one industry - they may not be good decision-makers in other settings. Beware, too, of the overly insulated executives who look good because they have quietly surrounded themselves with smart people who make the real decisions. This helps explain the common syndrome of apparently capable leaders who seem to "check their brains at the door of the Board meeting".

Facilitators

- If the planning process is difficult, you may need a facilitator. This person may not be a planner, may not know your group, and may not understand fund raising. But he or she will know how to help people open up difficult discussions without rancour.

How to get co-operation from others

The key words are consultation and hidden agendas.

- Rule # 1:** Be sure that all the relevant people have input into the plan before it is settled.
- Rule # 2:** Everyone must agree on the plan - or at least agree to put differences aside for the duration of the plan. If the people involved haven't committed to implementing the plan, the planning and negotiating process must continue.

- Rule # 3:** People often resist change. Know why people would want to cooperate, and why they might want to subvert.
- Rule # 4:** Everyone must have a copy of the plan. Once it is agreed to, give each person a copy of at least the section relevant to them, and preferably the whole plan. Documents that sit in one person's filing cabinet aren't acted on. If there are changes, pass along up-dates.

What's in it for people if they plan well?

- Security
- Increased income for projects/wages if plan works
- Input into decisions
- An opportunity to learn from mistakes (instead of just make mistakes)
- Freedom from discussing things over and over again

SUGGESTION: Include warning gauges in your plan. These are like the red line on a car's fuel gauge. They set up alarms if you fall below set limits. These should cover both income and time. For example, re-examine your plan if it is both

- 10% below target,
- at the six-month mark.

But don't waste time on second guessing the plan before the deadline, even if it is 20% below target. You can equally refuse to waste time if it is only 9% below at six months.

- Freedom not to do what's not planned (time control)

SUGGESTION: Almost everyone in fund raising suffers from work overload. This is usually the result of not being able to say no to requests. Use the agreed plan to protect yourself. When people ask you to take on more work, say things like, "What a good idea. Too bad it's not in the plan we all laboured so hard to settle. But it's out of my control - the organization sets my priorities, not me. If I do this, I'll have to drop something else that everyone is expecting me to do. Do you think this is important enough to reconvene the Planning Committee and ask them to agree to the change?"

What's in it if they do not plan?

- Freedom from responsibility - they can't be blamed if the plan doesn't work, since they didn't input/agree/commit.
- Free time to do other important things (work or play) instead of the drudgery of planning.
- Freedom to do things they know the organization would never agree to if there was a plan.
- Freedom to object to parts of the plan later.
- Security from failing to fulfill the plan. (Never plan, never fail.)
- Sympathy from others for working so hard for an underdog organization.

When to plan

Start planning early. Allow time to involve others. This means a planning process that may begin four to six months before the date the board must approve it.

Be sure the board's approval date is prior to the start of the new fiscal year. A surprising number of organizations approve the budget in mid to late May or June for a fiscal year that starts April 1st. If your fiscal year starts April 1, planning should begin at least four to six months earlier - in October.

As consultants, Ken Wyman and Associates are approached by an alarming number of organizations who don't start planning for fund raising until 3 months or less before the final expiration of a sustaining grant that they've had for years. I feel like the Emergency Room in a hospital. They ask, "What shall we do?" I always want to say, "Polish your resume and start job hunting, because it's too late." But instead we do try to find sources of revenue that will tide them over, and we usually succeed despite more panic than would be necessary if they planned ahead.

Aside from allowing lead time, it's important to know what days are good for planning. Avoid scheduling your planning for days when you know you'll get interrupted. Typically, these are days you should *avoid*:

- A. *Fridays and Mondays* - Deadlines fall due and time is stolen away for other urgent projects. Even if you're not harried, others you need to consult may be. Fridays are the worst, since people seldom can work as late as on other days, and often try to leave early. In addition, energy, accuracy and productivity are lower on these days, as car makers have determined on the assembly line.

- B. *Beginning and end of the month* - For the same reasons as above. In addition, statutory holidays usually fall at the beginning or end, so you may lose those days.
- C. *December, July, and August* - So many people are away, physically or mentally, that work - especially planning - is hard to accomplish.

So the time to plan is on Tuesdays, Wednesdays or Thursdays in the middle of the month, starting no later than October.

How much time to allow

A common mistake is to try and do all the planning at once. That seldom works. You need time to gather data you hadn't anticipated, circulate proposals and wait for comments, and just let ideas sit and incubate.

For that reason, I suggest you devote a minimum of one day *every month* to planning. Many people will need 2, 3 or more days every month. That will provide you with at least 12 days each year exclusively devoted to planning.

Get out your planning calendar right now, and mark off one or more days in every month as your planning days. Do it for the full year - and as soon as you get your calendar for next year, stake out the days there too. Mark off the full day. Mark it in pen, so it doesn't get moved easily (or lost) in the tyranny of the urgent-but-not-important tasks. If you must rearrange the time, claim another day at once.

Don't forget to make time to evaluate the plan's progress each month.

**Plan on
having a crisis!
It's only normal.**

The art of planning is anticipating crises. Brainstorm a list of crises that could affect a fund raising plan. Don't try to solve the problems; for now, just name them.

This is strictly a brainstorm session. There are no right or wrong answers.

Typical crises include the following:

- Funding is cut
- Board members quit/split
- Senior (or only) staff quit

- We get sued
- A private controversy becomes public
- Huge increase in demand for our services

Since at least one crisis will occur, how can you prepare the organization to handle it smoothly?

Rule # 1 Anticipate crises that could hit you.

With the help of one or two other people, decide on the three crises that are (A) most likely to hit you in the next year or two and also (B) most likely to do serious damage. Decide how you would handle each of these. Make sure the plans are in writing, widely circulated, and accessible in case of crisis.

Rule # 2 Choose a crisis management person/team.

If you don't have someone selected in advance, it may all end up on your shoulders - or, worse yet, on the shoulders of someone else who is willing but incompetent.

Rule # 3 Rehearse solutions in advance for obvious crises.

Remember fire drills in school? They may seem silly, but they work. Emergency measures organizations (organizations which are designed to deal with disasters like plane crashes and train wrecks, which combine police, fire, hospital, etc.) stage mock disasters to train their people. You should do likewise.

Rule # 4 Catch a crisis early.

Set up your own Distant Early Warning System. Identify the symptoms of a disaster that could befall you. Schedule check-ups. Example of a disaster: Ticket sales for the special event could be very low. Early Warning System: Ask ticket sellers for reports 8 weeks in advance, and again at 6 and 4 weeks. Institute early-bird prizes for ticket buyers and for ticket sellers to encourage sales at the beginning.

Rule # 5 Schedule time to cope when disaster does strike.

You will have a crisis. The question is "when", not "if". How will your team find time to cope? If everyone is already working at their peak load - or beyond - other tasks will be neglected during the crisis. Keep some reserve energy and time as a contingency. Pad your time budget

the way you'd like to pad your expense budget to cover the unexpected. Too much overtime during a crisis leads inevitably to bad decisions made under stress and, ultimately, to burn out.

Rule # 6 **Understand Triage.**

When resources are limited, you can't deal with all the problems. Something has to go.

Medical triage is familiar to people who watch reruns of M.A.S.H. on TV. It works like this: Imagine you have three patients. One has an 85% chance of dying, no matter what you do. The second has a 50/50 chance, if you operate. The third has an 85% chance of living, even if you do nothing - but may lose a leg if you don't act. You can only operate on one patient. Which do you choose? The correct answer is number two.

What would triage be in the context of your organization?

Rule # 7 **Take Crisis Management Training.**

This has only been an introduction. Since you will almost certainly face several crises a year for the rest of your professional life, it is worth taking time to learn more about handling them. Check for courses at your nearest university or college, or read books on the subject.

**Lack of Planning
on Your Part
Does Not Constitute
an Emergency
On My Part**

Definition of Terms

Let's agree on some language. There are many different ways to use these terms, but for this book the operating definitions are as follows:

TERM	FACTORS	EXAMPLE
Mission:	Why do you exist?	<u>THE GOLDEN OLDIES</u> To help aging rock-and-roll musicians adjust to retiring.
Long term goal:	What major accomplishments will lead to achieving the mission? (Desire, modified by reality.)	Open Heartbreak Hotel Retirement Village.
Short term goal:	What smaller accomplishments, which don't fulfill the long term goals in and of themselves, will help when combined with others?	\$1 million fund raising campaign successfully completed.
Objective:	What specific, measurable results do you need to achieve in a specific time frame?	Raise half of budget from 10 largest donors before public campaign begins. (A full list would include other objectives, such as raising \$100,000 net from Guess Who reunion concert, etc..)
Strategy:	What integrated set of actions will bridge the gap between where you are and where you want to be? Define fundamental efforts. Allocate resources.	<ul style="list-style-type: none"> • Campaign Cabinet of ten leaders will approach five top prospects each, after proper cultivation, training and research. This will take about 40 hours per volunteer. Budget \$50,000 for fund raising expenses, including pre-campaign study, special rock video campaign literature and "Gold Record" plaques to recognize top donors.
Plan:	What sequence of steps will achieve the objectives? Operationalize the strategy.	<ul style="list-style-type: none"> • Choose consultant. • Conduct pre-campaign study. • Select best prospects based on findings in study. • Research donors' interests. • Carefully select and recruit Campaign Cabinet based on ability to give and to influence specific prospects. • Train solicitors.
Tactics:	What specific decisions reflect rapidly changing conditions?	<ul style="list-style-type: none"> • Don't ask Sonny Bono to approach Cher for a donation. • Surprise endorsement by k.d. laing on Juno Awards leads to recruiting her as campaign chair.

Integrated Planning

The Pyramid has more than one face.

All must be integrated, because they are totally inseparable in supporting your *Mission*.

Each requires planning for particular goals, objectives, strategies, plans and tactics.

Projects

This is what your organization is set up to do.

Fund Raising

This is how you find the money to do it.

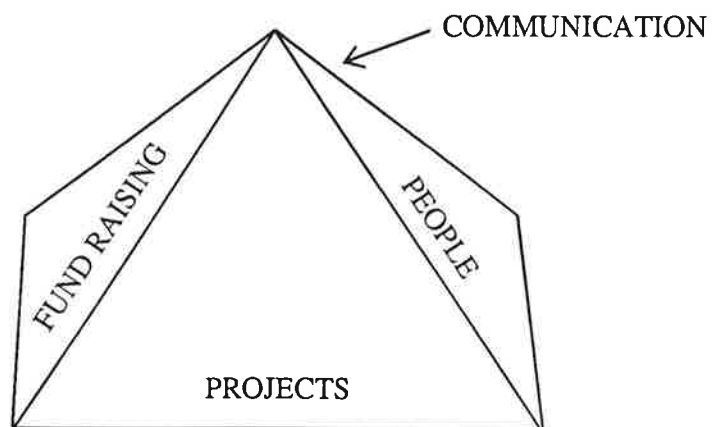
People

These are the volunteers and staff who do the fund raising and project work. It also includes the donors who support you and the people you help.

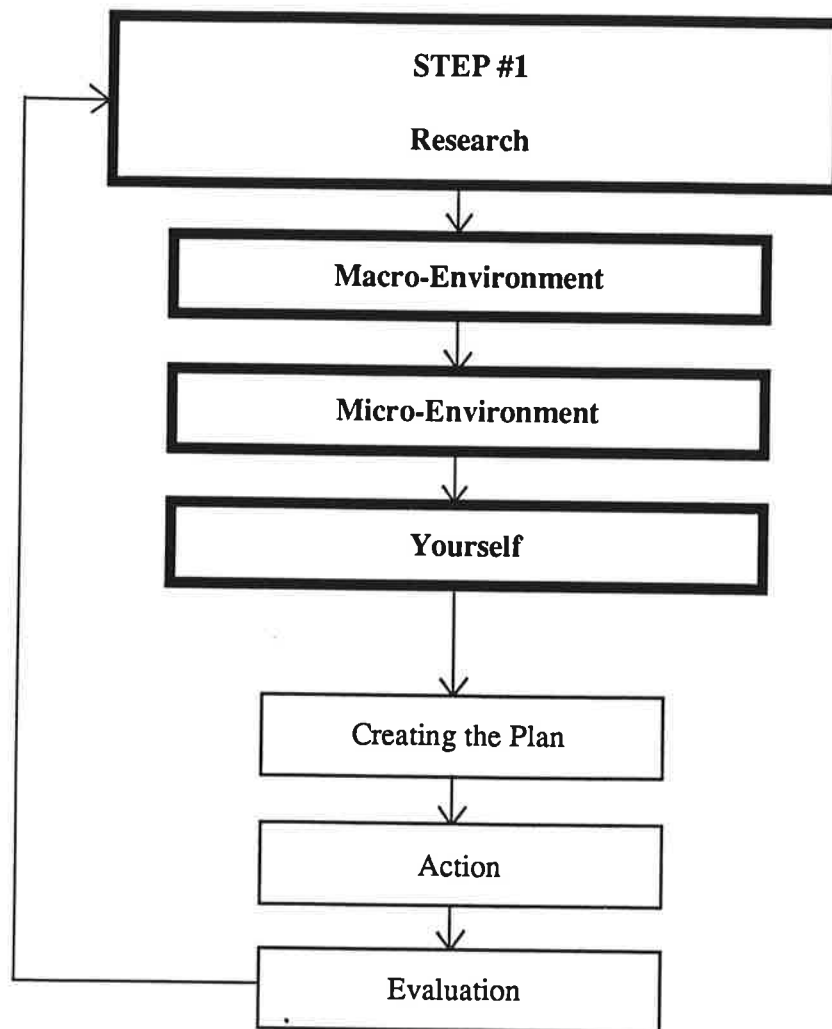
Communication

This is the information that supports fund raising, draws volunteers and educates target audiences.

The Integrated Pyramid



THE RESEARCH PHASE



<p>STEP #1</p> <p>Research</p>
--

<p>Macro-Environment</p>

What's happening in the fund raising macro-environment?

Here are some numbers you should know.

Total donated to charity each year by Canadians: **\$3,467 million**

Number of charities in Canada: **55,232 at last official count in 1986**
64,000 estimated in 1989

Where the money goes:

Type	% of registered charities	Dollars donated	Number of charities
Religion	61%	\$2,115 million	29,000
Education	19%	\$ 659 million	21,000
Welfare	12%	\$ 416 million	9,000
Health and Hospitals	8%	\$ 277 million	5,000
TOTAL	100%	\$3,467 million	64,000

(Based on statistics provided by Phelps Bell of the Imagine campaign.)

Where the money comes from:

Individuals	88%	\$3,051 million
Corporations	7%	\$ 243 million
Foundations	5%	\$ 173 million

WHERE DOES THE CORPORATE DOLLAR GO?

Health and Welfare	43%
Education	28%
Culture	13%
Civic	7%
National Athletics	3%
Other	6%
TOTAL	100%

(*What Canadians Give At the Office*, by Bill Johnston, Foundation News, March 1989)

Big business and small business have very different giving habits in some interest areas. For fund raising in these sectors, the variations are important.

TYPE OF CHARITY	BIG BUSINESS	SMALL BUSINESS
Health (including prevention)	69%	57%
Education/Universities	54%	10%
Social and Welfare	30%	31%
Community	16%	40%
Arts	14%	7%
Recreation & Amateur Sport	7%	36%
Third World	2%	4%

NOTE: The total does not add up to 100% - this was based on a multiple choice questionnaire. (*Adapted from Canada Gives, 1986.*)

How is corporate giving and corporate sponsorship changing?

Here are five trends worth attention. They are based on my impressions, not hard data. There may be other important changes coming as well.

1. Less money ahead

Corporate giving goes down in recession years and Canada seems to be heading into an economic slowdown. Typically, corporate donations budgets are cut in the first year of bad profits, but not increased until there have been three good years.

2. WIIFM - What's In It For Me

There is a growing tendency for corporations to be more hard-nosed about their self-interest in selecting non-profits. This is reflected in the increase in high-profile corporate sponsorships, many of which compete for money from donation budgets. WIIFM benefits may be interpreted as publicity, service to employees, or training of future employees. For example, a prominent fund raiser for literacy believes the increased corporate funding for reading education is fuelled primarily by pragmatic concerns about the shortage of low-paid workers with basic skills.

3. More requests

More and more applications flood into corporate offices. Imperial Oil, one of the top givers in the country at about \$6 million in donations per year, says they receive one application every 30 minutes of every business day. The result is less patience with proposals that are so thin that they lack key information or so thick with excess verbiage that no one has time to read them.

4. More focused giving

Although it may be early to call it a trend yet, some funders are leaning toward choosing a few big donations that will have significant impact, instead of many small ones of a few hundred dollars. This may be bad news for small or controversial organizations that have a hard time justifying mega-gifts. Here's what the U.S. newsletter *Corporate Philanthropy Report* (July 1989) says on the subject:

"In the early 70s the big question in corporate philanthropy was 'How much should we give?' In the late 70s it was 'What to give to?' Then, in the early 80s: 'How to give?' and now 'What can we expect to get done?'" says Dayton Hudson's Peter Hutchinson to a Public Affairs Council meeting of his peers in July. "If we clearly pinpoint our expected results up-front, we won't need to hire expensive consultants later to tell us if we succeeded."

(reprinted from *Corporate Philanthropy Report*
2727 Fairview Ave. East, Suite D
Seattle, WA USA 98102
(206) 329-0422
\$128 US per year for non-profits)

5. More evaluation

Corporate funders want to know if the money they gave was well spent. Some will even fund independent evaluation consultants to examine projects before renewing support.

How is new technology going to affect fund raising?

Four pieces of technology are important for fund raisers to take into account. Not all are new, but many non-profits aren't using them fully yet.

1. Computers

Donor data must be kept accurately, with quick access to information on individual donors and speedy reports on results and trends. This means not only getting and using computers, but getting special fund raising software, and not settling for do-it-yourself hodge-podges that don't have the bugs worked out.

2. Laser printers

Increasingly, fund raising letters will be personalized. It still isn't good economics to personalize *all* letters, however. People giving \$5, \$10, or even \$25 should probably continue to get 'Dear Friend' form letters until the cost of personalization drops further.

Larger donors, however, should get letters that are fully personalized. "Fully personalized" means that the letter contains more than their name and address. It may also mention their previous gift, add information about developments in their community, and even ask about their personal interests.

In addition, grant makers are increasingly turned off by typed letters full of errors or white-out. Computer word processing and the in-roads of desk-top publishing have inflated the standards for presentations. Neatness does count.

3. Telephone fund raising

While the phone is hardly new technology, it is being used increasingly for fund raising requests. Badly managed campaigns are also increasing the public's anger

at such calls. The trend will likely be to more of the letter-phone combination, since these are more effective. (In this method, one or two letters are sent to the prospective donor before the phone call, stating the case and setting the stage for a call.)

4. Credit Cards

More non-profits are accepting donations by credit card. One study by Ken Wyman showed that donors who gave by credit card donated 25% more on average than those who gave by cheque. In the for-profit world, merchants have proven that people spend more with credit cards than with any other method of payment. The same is true for not-for-profits. For telephone orders, credit cards are preferable to pledges, because the payment is guaranteed. Although some people object to giving their numbers over the phone, many are willing to do so. (See also page 12.)



**What's happening in your own group's fund raising
micro-environment?**

You begin with an assessment of relevant trends, and of psychographic profiles affecting your strategic choices.

Target Fund Raising Audiences

What does "target audiences" mean?

Studies have developed a profile of the "typical donor". She is a woman, more often than not. She is older, better educated, has a higher income, and is more religious than the average Canadian. She is also a magazine reader, although this characteristic may be self-defining, since magazine subscription lists are often used to solicit donations. On the other hand, magazine readers may be more interested in the world and its problems, and may therefore be better prospects.

Obviously, this is not a universal rule. Many charities receive money from young, uneducated, low income, irreligious men who never read magazines.

Not all "typical donors" are the same. Their differences reflect various backgrounds, interests, emotions, financial situations, and socialization, to name a few. You would be well advised to recognize these differences in the way you approach them.

Too many charities make the mistake of treating all their donors alike. They also act as if their causes appeal to everyone.

To illustrate the variations possible, let's take an example from the business world. Here's a company with a universal product used by everyone, or almost everyone: the phone company. It is actively marketing long distance services - but it uses a variety of techniques. It doesn't just produce ads saying, "Use long distance."

Let's discuss very briefly how they change the appeals in the various ads - and remember, the product itself is identical in all cases: a long-distance phone call. Note

that for some commercials, such as ads urging viewers to call their mothers, the appeal is *emotional*, while for businesses it's *rational* - or at least appeals to a different set of emotions. But even on a purely emotional level, the appeal to call your mother is very different than the one suggesting businesses call customers who have overdue bills outstanding. The Mom ads may emphasize love or nostalgia. The business ads focus on ego, greed or pride.

Using the same techniques of market segmentation:

1. Separate your donors into at least three groups with significantly different psychological motivations for giving.
2. How would your appeals to each group vary to recognize these differences?
3. Who are your target audiences now?
4. What new target audiences could you be targeting?
5. What do you do to treat each audience differently? (HINT: If the answer is "not much", then you have room for improvement. What could you do?)

How do you find out how your target donors would respond to a donation request?

- a) For *mass-market campaigns, such as direct mail and telephone*, you find out by *testing sample groups*.

Don't waste time and money doing a survey to find out how people would theoretically respond to a letter or a call. Firstly, it's cheaper just to make the appeal. Secondly, the answers are more reliable in a test. In a study people may say they will or won't respond to something - but in real life they may do just the opposite.

- b) For *major donors*, you need a *pre-campaign planning study*.

For those whom you hope will donate several hundred or several thousand dollars, an interview can be well worthwhile. There is an old saying in fund raising - Ken Wyman heard it first from fund raising author Joyce Young:

If you want money, ask for advice.
If you want advice, ask for money.

What questions do you need to ask your target donors to find out how they would respond to a donation request?

Answers to many questions can be found by independent research. Detailed information on foundations can be found in The Canadian Centre for Philanthropy's *Canadian Directory to Foundations*. While it is harder to find similar data on other donors, it is worth the effort. Gather as much information as you can before you talk to a potential donor. What is the most valuable information? Here are some suggestions. (There may be others. These are not in any particular order.)

- Do you have a guide for applicants or an annual report that I could have? (Ask this before an interview. If yes, study it before asking any other questions.)
- What types of charities interest you most?
- What types of projects interest you most?
- Do you give to capital campaigns? To core costs and operating expenses?
- What other groups similar to ours have you supported, if any?
- What do you know about our work?
- What do you consider the best features of our work?
- Have you heard any negative comments about us? It's important for us to know! Do you think these concerns are serious? Do you think they might affect our fund raising?
- If we were able to grow, do you have any suggestions for new projects we should take on, or existing ones that should be priorities?
- What kind of information do you want in an application?
- When is the best time to submit applications?
- To whom should applications be addressed?
- Would you (or one of your team) like to come and see our work first hand?
- What is the range of your gift amounts? The average?
- Do you give in-kind contributions? If so, what kinds? Goods? Employees' time? Services? Space?

- What kind of recognition do you consider appropriate?
- Can you name any volunteer leaders that you think could influence other people like you to give more, if they were involved in our campaign?
- Can you suggest other possible donors we should approach? If so, would you be willing to help us reach them by making a phone call?
- Is there any other information I should have to smooth the application process?

Who should ask the questions?

A neutral third-party is usually a better choice to ask questions than one of your insiders.

Donors are more likely to be free in their answers if they are speaking to a person who is not intimately associated with the cause. With a volunteer or staff person they might give false positives - full of good comments and empty promises, because they don't want to appear negative to a friend or someone who is obviously emotionally-centred on the work. Alternatively, they might appear overly negative, to discourage approaches that really work. For example, they might say they don't like personal visits - precisely because this technique usually leads to large gifts.

Some fund raising consultants do these interviews regularly. An experienced person knows how to get a maximum of information without stepping on toes. You might also be able to get other people to do this work for you, either for a fee or on a volunteer basis. Public relations people and journalists are specialists in information gathering. So are students and faculty in university courses on sociology or business.

What else do you get besides information?

The information you get may be very valuable in and of itself. However, this kind of interview can also bring a potential donor closer to your organization and build feelings of involvement. Everyone loves to be asked for advice. If you act upon some of the person's suggestions, you are building a useful bond of trust.

In addition, you are informing donors that you will be back at a later time to ask for a significant donation. This allows them to include you in their budget plans. It informs them that you are serious and professional. Done right, it is part of the cultivation process that precedes a gift request.

Other micro-environmental factors to check on your own include the following:

1. In Your Geographic Area

However you define your geographic territory, whether it's national, provincial, local, or just a few blocks, know what is going on in your micro-environment.

Local economy

Which industries, specific businesses and individuals are doing well, and which poorly?

People

Who are the emerging community leaders? These might be people planning on running for political office. They might be new senior management with companies or government departments. People on the way up may be busy, but they also see community service as part of their career path.

RELATED STORY: Frank Stronach, the president of Magna International, a large car parts maker, decided to run for election. Before he declared his candidacy, he volunteered to help with the fund raising for the hospital in his home riding. He made a substantial donation, and helped reach many others. Obviously this was very useful for the hospital. It was also useful for him. Why?

It raised his public profile. It positioned him as a caring person, not just a successful business magnate. It also allowed him to make contact with many people who would be useful to him in his political campaign. Similarly, the United Way has found that newly promoted presidents can be more useful as volunteer leaders than CEO's who have been in power for years.

Ask yourself these questions: Who is retiring? Who has knowledge and/or power and will soon have free time? These people play a different role than the emerging leaders. Work with them as soon as possible after they retire - or better yet, before they go. Those who were in senior positions will find that their circle of influence will shrink quickly once they are no longer in a position to deliver favours.

Fund raising techniques used/trends

What are other non-profits in your area doing to raise money? What methods have they discovered to be losers, so you can avoid reinventing square wheels? What winning ideas can you adapt for yourself? What ideas do they already have in the works that you must avoid to prevent conflicts? Do the dates of their campaigns conflict with your plans?

Regional government

What are their interests? What changes do they expect to happen, so you can be there first?

2. In Your Issue Area

What are other groups like yours doing beyond your geographic limits, in other parts of Canada, or even in the United States, Europe or around the world? What can you learn from them? What can you teach them in return?

Hot and cold issues

Is your cause popular and growing, or shrinking? Can you forecast great expansion if every similar cause is collapsing? Conversely, if others are expanding and you are not, why not?

What are the issues that top the polls in Canada? For example, environment has been number one for a long time.

How could you tie your organization into the issues people care most about?

For example, a health group can talk about the impact of pollution on health. An arts group can talk about the deterioration of public statues. A kids' group can talk about the future children face.

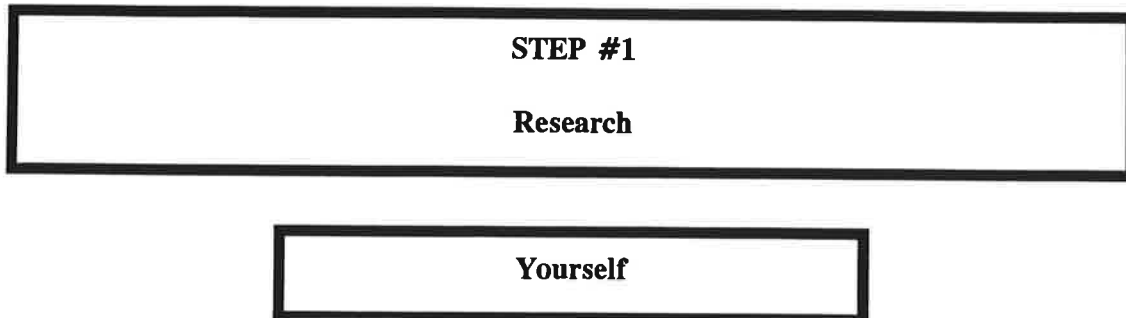
What do you do about the issues people are most negative about? For example, abortion is an issue that can split almost any group.

External factors that could affect you.

Is there a special link to use, such as "Year of___" or a TV special or movie on the theme?

Fund Raising techniques.

All the comments about this under the heading "Geographic Area" still apply.

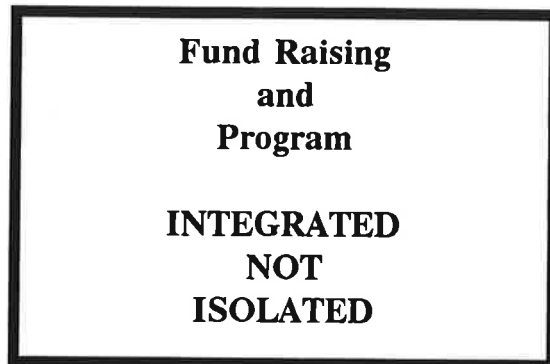


Research on Yourself - Organizational Assessment

1. What would the funds accomplish? (Clarify the mission.)
2. What's our fund raising history?
3. What human and financial resources can we invest?
4. What factors limit the way we deploy our resources?

1. What would the funds accomplish? (Clarifying the mission.)

Planning begins with the social problem you are trying to solve: your mission.

**What is a mission statement?**

A mission statement is a short, clear declaration of what you are setting out to do. It is inspiring. It shows vision. It does not include specific short-term goals, objectives or strategies that could make it out-of-date.

You need a good mission statement to help ensure everyone in your organization is rowing toward the same point on the shore. You need it to help donors understand what you are doing.

It is not as short as a slogan. Don't look for a glib catch-phrase - they are not usually meaningful for very long.

It is not several pages long - a paragraph or two will do. More than that and it becomes overly complex and too difficult to retain.

The Muscular Dystrophy Association has their mission statement printed on coffee mugs so everyone can remember it: "A national voluntary agency committed to the elimination of neuromuscular disorders and alleviating the associated distress. The Association offers hope through research, creates awareness and understanding through education, and provides services through personal support programs."

Should fund raising drive the organization's programs or vice versa? Do you raise money to meet your needs, or spend to the limits of fund raising ability? Do you set your target at a \$1 million when you only raise \$10,000 now - because you could spend a million legitimately? Or do you plan to spend only a bit more than \$10,000 because that's all you can raise?

Put another way, who sets the budget - the fund raiser or the project planners?

Clearly the answer is a combination, synthesizing the two. The goal is to get away from project planners who consider fund raising beneath them, and to avoid fund raisers who ignore the fund raising potential of the projects.

Ultimately, fund raising must be driven by projects. That is what the money is for. That's why the donors give it. Yet all too many organizations fail to fund raise around the projects themselves. The old saying is that "people give to people" - they do not give to organizations as such.

Homework

Don't fill this in now. Use it as part of the planning process with your organization.

What difference would it make to the world (or your community)

if your organization didn't exist?

What difference would it make to the world (or your community)

if your organization got a million dollar donation?

NOTE: The correct answer to this isn't measured in how you would change your organization. Answers like "Buy a computer and add staff" do not address how the community would change. Talk instead about: "We could move closer to a cure by researching the genetic problems." Or perhaps, "Over 5,000 more high school students a year would learn about modern theatre."

Homework

CLARIFYING YOUR MISSION

Write down your organization's mission.

Note: It should fit in this space without resorting to micrographics (the art of writing so small that the Bible can be engraved on the head of a pin).

Why do we exist?

Homework

Ask the major players in your organization to do the same exercise of writing down the mission:

- Board
- Staff
- Volunteers
- Key Donors

If their answers aren't similar, you *must* hammer out the disagreements and begin an education program.

2. What's our fund raising history?

What do you need to know about previous donors?

List the information you need on each previous donor.

It is increasingly difficult to distinguish completely between data that is essential and that which is only desirable.

More and more of what was merely desirable a few years ago is becoming essential in the age of computer personalized communication. The list that follows is not complete - it could never be. Nor is it firm about what belongs in which column. Too much depends on an individual organization's situation and stage of development.

The more the donor gives, the more information you'll want to have on that person (or organization).

Essential data

- without this, fund raising is much more difficult

1. Name and address
2. Amounts of all gifts
3. Dates of all gifts linked to amounts
4. How each gift was achieved
5. Who the donor works for

Desirable data

- not essential, but would make fund raising easier and more productive

6. Phone numbers
 - home - office
 - fax - car
 - cottage - boat
 - other residences
7. Project interests
8. Relation to agency
9. Contacts/connections
10. Service club memberships
11. Volunteer skills
12. Special/in-kind gift potential
13. Birthday/anniversary/graduation day, etc.

Comments to the above:

1. Name and address

Have you ever held an event where you didn't get names and addresses for all who attended? Or did you collect them and never use them? The easiest way to get names is to hold a free draw for a door prize - people will fill in their names, addresses, phone numbers, even birthdays, if the prize is big enough. The prize should be donated, of course. Then be sure to write to everyone within a few weeks of attending to thank them and tell them about new challenges they can help meet.

2. Amounts of each and all gifts

Note that this is plural. They cannot be lumped together, or limited in number. Some amateur computer programs do not keep enough history. For example: You have two donors; both gave \$240. One gave it in a single gift. The other has given \$10 a month for two years. You must know which is which and treat them differently.

3. Dates linked to amounts

A donor who gave last month should be treated differently than one who has not given in 18 months. The computer should give you reports on people whose gifts are declining in value, and those whose gifts are increasing.

4. How gift achieved

For example, if it came as a result of direct mail in March 1990 from test package #1 on list #337, then code the entry something like this: DM-Mar90-1-337. Over the long term, you might find donors from some lists better than others. Or you may want to write the donor and say, "The situation you responded to in March, 1990 is better/worse, and our next step is...". If the gift is from a major donor you reached in a face to face campaign, who was the solicitor and what were the donor's interests?

5. Who the donor works for

Some employers give matching grants. Others give more if their employees are active volunteers with the charity. It's also useful to know what the person's job is. For example, if you need someone to help in financial management, it could be helpful to look to the accountants who are already donors.

6. Phone numbers

If the donors give personally, you may want to phone them at home to ask for additional gifts. If their organization gives, you'll need office phone and fax numbers (and the secretary's name, if there is one) - but you might want the home number in case of emergency. Obviously, it is only under exceptional circumstances that you would call a donor at the cottage, or at a condominium in Florida. For example, you'd call a donor if there was something important happening in an area you knew interested them. This happened to a women's shelter in Toronto. One winter night all their windows were smashed by an irate husband. They had no money to pay for such extensive repairs, but they did have a good relationship with a corporate donations officer who had helped them before. They called her at home, after midnight. She promised them a cheque in the morning, and told them to call an emergency glass replacement company. Use private numbers with caution - but have them available to use if you need them.

7. Project interests

If the donor cares about your modern art collection, but not your renaissance collection (or vice versa), you may be able to tailor your appeals.

8. Relation to agency

Is this person a client/patient/member? Do they receive benefits from your work? Are they family members of a client/patient/member? Are they current or former board members/staff/volunteers or married to someone who is?

It's embarrassing not to make the connection to people who still think of themselves as founders of your group!

9. Contacts/connections

Do any of your donors have lunch with Conrad Black or Paul Reichmann? Are they with companies that are major customers of potential donors? Do they know government or foundation people? Can they help you get support?

10. Service club memberships

Similar to connections. Know who belongs to Rotary, Kiwanis, Zonta, etc..

11. Volunteer skills

Does the person volunteer? What would he or she be good at? (Or bad at!)

12. Special/in-kind gift potential

Could the donor make a special gift, such as leaving you a prime piece of real estate, or helping you get t-shirts printed at a discount at his cousin's place, or get you free lumber from the building supply company she owns?

13. Birthday/anniversary/graduation day, etc.

What special occasions in the donor's life should you mark? Be careful this does not seem smarmy. Done right, it can be part of the transition from fund raising to friend raising. For example, some hospitals send a birthday card to each person born in their hospital each year.

Who has and hasn't given - and why?

In mature campaigns,

80% of the money

comes from

20% of the donors

But these 20% of the donors may take 80% of the work! All too often, 80% of the work is spent on the poorest givers, not the best.

Homework

Pull your statistics - names and amounts for:

- your top 20%
- your lapsing donors
- your undervalued donors, for upgrading

One leading fund raiser identified the 20 donors most important to his organization's growth. He devoted 1/2 day every month to each donor - thinking about how to work with them better.

What has fund raising cost to date?

Gross versus Net

Do you know what your fund raising has cost in the past? Too many groups don't have enough analysis. To start with, identify gross versus net costs for each fund raising activity.

When reporting to the public, you may only wish to disclose the out-of-pocket costs. For internal evaluation, however, you should know the real cost to your organization. That doesn't mean you keep two sets of books - only that you compare apples to apples.

Including various levels

Out-of-pocket

Most groups can identify only out-of-pocket costs. If you pay a bill, write a cheque, use the petty cash or run a credit card account, it seems real. Be sure to total all of these expenses.

Hidden/overhead

Many groups forget to include less obvious costs. For example, if you pay a printer's bill directly, it will be counted. But if you use up a significant quantity of the existing supply of letterhead, envelopes and brochures, the costs, although real, are often neglected. Include *all* "consumable supplies" that are appropriated for the fund raising activity. If they have to be replaced later, the expense is real. Failing to allocate them to the correct work may artificially inflate "administrative costs" in the budget.

Similarly, include a realistic assessment of overhead costs. If a fund raising activity keeps a desk tied up for weeks on end, include a portion of the office occupancy costs. Don't forget that each desk must also account for heat, light and power. It must also contribute toward common space costs. For example, say you use a 10 foot by 10 foot office. That's 100 square feet. In a 1,000 square foot office, that might seem like 10% of the space. But if the office includes corridors, storage room, a common photocopier, and so on, that may account for a large portion of the total available space. Your 100 square foot office may actually account for much more than 10% of the available work room.

"But we were paying for the space anyway," some people respond, "so why account for it?" Because how the space is used is a factor in any plans to move to larger (or smaller) offices. And because it is only fair to others. If you don't account for your fair share, the administration costs will seem higher than they are.

Staff time

How much paid staff time did it take to do the fund raising activities? Amateurish groups prefer not to know. Those that plan to grow know that this is essential information.

If you have two fund raising projects, each grossing \$10,000 with out-of-pocket expenses of \$2,000, which do you repeat? If one took 200 staff hours and the other only took 20, you might know instinctively which is better. But if one took 90 and the other took 110, you might not be aware of the difference - significant though it is. At \$20 per hour, that 20 hour difference is worth \$400. That's 5 percent of the net income.

Don't forget to include *all* the staff time you use. The fund raiser may spend 5 straight weeks working on the project. But the bookkeeper may have taken two or three days to help on the accounting. The executive director may have spent a day or two consulting and supervising. The secretary may have spent untold hours typing, processing mail, making out receipts and answering the phone because of this project. And they all wonder where their time goes.

Volunteer time

If your fund raising project includes volunteers, track how much time they spend. Volunteers are not an infinite resource. They have only so many hours available to work for you, then they move on. To put it crassly, volunteers are a consumable resource.

They are also a renewable resource. But it takes money to renew them. This money is spent mostly in terms of staff hours recruiting and training volunteers. Some funds are also spent on rewarding volunteers.

Ultimately, that means the cost of volunteers is measurable.

Psychologically, volunteers need to feel that their work is worthwhile. Measuring the dollars produced for each hour worked is one effective way to provide this stimulus. Unless, of course, the results are depressing. But what is depressing for one volunteer might be exhilarating for another.

For example, a group of senior citizens in a small town said they feel happy if their work produces \$10 income for each hour volunteered. For them, just keeping busy was part of the reward. On the other hand, a group of yuppies in a major city might not feel satisfied unless their efforts return \$100 or more per hour.

Many groups never estimate the number of hours they expect a fund raising activity to take, let alone total the actual activity. Make it a habit to do both.

Homework

For each of your past fund raising activities, fill in the blanks. If you can recreate actual figures, do so. If not, estimate.

Activity_____
Gross income_____
Out-of-pocket costs_____
Net income_____
Hidden/overhead costs_____
Staff costs_____
Net-net income_____
Cost per dollar raised _____
Volunteer hours_____
Volunteer hours per dollar raised_____

3. What human and financial resources can we invest?

One of the cruellest and most inappropriate things a board can do is to call for increased income and leave it to the staff to produce - or else!

The second cruellest is to recruit the head of the drive and then turn back to the 'real' work of the organization, which usually involves planning for new expenditures that your poor bloke isn't going to raise - not that way anyway.

Brian O'Connell
Independent Sector

Fund Raising and People: Board, Staff, Volunteer Roles

Determine what human resources you have available or can recruit.

In the planning stages, you have to know who is available to work on a project before you select the project. There's no point in planning a high society gala that requires 100 volunteers who can sell tickets at \$250 each, if your team is composed of 5 overworked welfare mothers. It's equally dangerous to plan a big bingo night if your volunteers and staff never play the game.

Complete "The Human Inventory" to determine your skills bank.

For both staff and volunteers, answer the following questions. Do it for each person, name by name.

Who is involved in fund raising?

Why do they do it?

What strengths do they bring?

What are their weaknesses? (Be brutally honest - your success may depend on knowing what (*not* to ask someone to do!))

How much time is available for fund raising?

For example:

PERSON	WHY VOLUNTEERING	STRENGTHS/WEAKNESSES	Hrs/Wk
Peter Piper	Likes to call the tunes. Loves children.	Natural leader. Good musician. Leaving town soon. Does things his own way - maverick.	2 or 3
Cinderella	Hopes to meet a prince of a guy. Also has personal experience of harsh parents.	Popular, good dancer. Hard worker, willing to do dirty tasks. Can't work late - has to be home by midnight.	10

The Human Inventory

PERSON	WHY VOLUNTEERING	STRENGTHS/WEAKNESSES	Hrs/Wk

Conclusions

Based on this inventory, complete the following:

Our strengths right now are in...

Here are areas where we don't have strengths, and would like to develop some by training our current people, recruiting skilled new volunteers or hiring a great staff person or consultant:

BEWARE: Don't try to develop strengths by having one person become an instant expert in all of these. Recruit people based on their ability, not just on who you know. Provide training if you can't find anyone with the abilities you need.

It needs to be said here that at least 20 percent of the total sought for operating expenses must come from the board directly.

This figure will undoubtedly come as a shock to a board which is not contributing either anything or anywhere near this total, but if this percentage is not pledged and raised by the Board it will be very, very difficult to raise the remaining funds outside.

Dr. Jeffrey Lant
Development Today

Note that Lant is not saying that they have to give this money out of their own wallets - although that would be fine. But they have either to give it or take some action to raise it.

A board that wants to leave the fund raising to other people is a board that is shirking its duties in a dangerous manner.

Motto for a modern board member:

G _____ GIVE,
 G _____ GET,
 G _____ OR GET OFF!

The board must have and share generously from their

T _____ TIME
 T _____ TALENT
 T _____ TREASURE = MONEY

Or, as the bumper sticker says,

LEAD,
 FOLLOW,
 OR GET OUT OF THE WAY!

If you have a Fund Raising Task Force, what do the people on it contribute?

Too many groups appoint board members to the Fund Raising Task Force without much thought. They may be people who wanted the job - or felt obliged to do it if no one else would. They may or may not have any talents. In a frightening number of cases, they are appointed when they are not present to defend themselves. Or they may be the only ones you could persuade to do it.

That's not good enough.

Here is a preliminary list of criteria for the job. Add your own additional factors, then rate existing members.

Do the people on your Fund Raising Committee

- want to be there? Yes No Some
- have expertise in fund raising? Yes No Some
- have expertise in community relations? Yes No Some
- have and use contacts? Yes No Some
- give money? Yes No Some
- give time for fund raising work (besides coming to meetings)? Yes No Some
- add PR value by lending their names? Yes No Some
- other advantage/s _____
_____ Yes No Some

Design a remedial action plan. Provide training for those who need it. Replace those who can't really help.

Use the same criteria to evaluate potential new members.

If your reaction, and maybe even the staff's, is to apologize for becoming too much like a fund raising organization - and maybe even to decline too much involvement because "We're essentially a program agency" or because "I'm only a program person" - cancel the campaign until and unless the tune is changed to "I'm a program person who knows how important this is, so how can I help."

Brian O'Connell
Independent Sector

Internal Goodwill Toward Fund Raising

How does the attitude of staff and volunteers affect fund raising?

Willingness / lack of willingness

If people don't want to fund raise, they'll find a million ways to create barriers to prevent activities. Or if they can't stop it, they'll often botch it up, so they can get out of future work while saying "told you so".

"Organizations don't have fund raising problems," says consultant Joyce Young, "they have management problems."

What policies must be taken into account in planning?

Ethical objections can be a major factor in choosing fund raising. Some groups won't allow events that include gambling or alcohol. Others won't take corporate donations from companies that pollute, invest in South Africa, sell pornography, exploit workers, damage health (alcohol and tobacco) or any of a long list of limitations. Some won't allow their mailing list to be traded so they can get access to other non-profits' good lists.

A similar debate can develop on whether or not to ask for donations from the people you help. Some groups, especially in social service and health, see this as objectionable. They argue that the clients are too poor.

The poor are, statistically, considerably more generous to charities than the rich. One study showed that the poorest 20% of Canadians give twice as much of their income to charity as the wealthiest.

Some people consider it paternalistic to place clients only in the degrading role of recipient of help. Asking for donations may build ownership, transforming the relationship to one of mutual self help.

A group concerned with AIDS or wife abuse may point out that asking clients for a donation could expose them to harm or embarrassment. Although this is correct, it may be used to limit requests too widely. Hospitals have looked hard at this issue over the last few years. Most have come to the conclusion that any patient who had a happy outcome to a problem that is not socially stigmatized is a prospective donor. Those who have had healthy babies in the maternity ward, for example, are likely to contribute.

A whole book could be written about the process of clarifying these concerns and dealing with them. For now, it is sufficient to say that you must know in advance whether such policies are factors.

Ask the board for clarification. However, discourage board members from spending inordinate amounts of time discussing issues that are largely irrelevant. A group that will not get large donations from corporations under normal circumstances should not spend more than a few minutes debating their restrictions in this area. In many groups, long, passionate debates on these subjects rage for extended periods of time, interfering with any practical ability to explore alternatives.

Do the exercise entitled "Internal Attitudes to Fund Raising" on page 163 (Appendix VI).

External Goodwill Toward the Organization

How well-known and liked is your cause and your group?

Popular causes are easier to raise money for. Yet many non-profits underestimate their public support.

One reason for this is the false assumption that a large portion of Canadians must know about their work if they are to succeed. In fact, only their target group needs to know. In commercial terms, the makers of underground mining equipment don't have to persuade the whole public that their brand is the best - only the people who buy that kind of gear are important.

Do the exercise titled "Public Goodwill Toward Your Organization" on page 155 (Appendix II).

4. What factors limit the way we deploy our resources?

You usually have to spend money to raise money.

If your finance committee is doing its job properly, arranging for seed money should be just like applying for a loan at the bank. You should document the costs and the details sufficiently to reassure everyone that the results will be as predicted.

How much "investment capital" do you have to spend?

The first question you must answer is how much money you have available. You can't plan for a campaign that takes \$10,000 up front if you haven't got it.

If you don't have much seed money, there are three possible options.

1. Do a low cost project. Examples include seeking grants and approaching major individual donors. Most special events require seed money, as does direct mail.
2. Get financing, either as a loan or a sponsorship. Your board members might each contribute money to get you started. Or you might find a service club, a corporate sponsor or a radio station prepared to pick up the costs of your fund raising for a share in the goodwill, or perhaps a share in the income.
3. Use revolving door self-financing. This allows you to reinvest a portion of what you raise in more fund raising. For example, in traditional linear budgeting, the board approves, say, \$5,000 for fund raising during the year. Once you have spent that limit, you can spend no more, without permission. If you raise, say, \$20,000, the projects committee spends the money and the fund raising is over.

Here's an example of how revolving door budgets work.

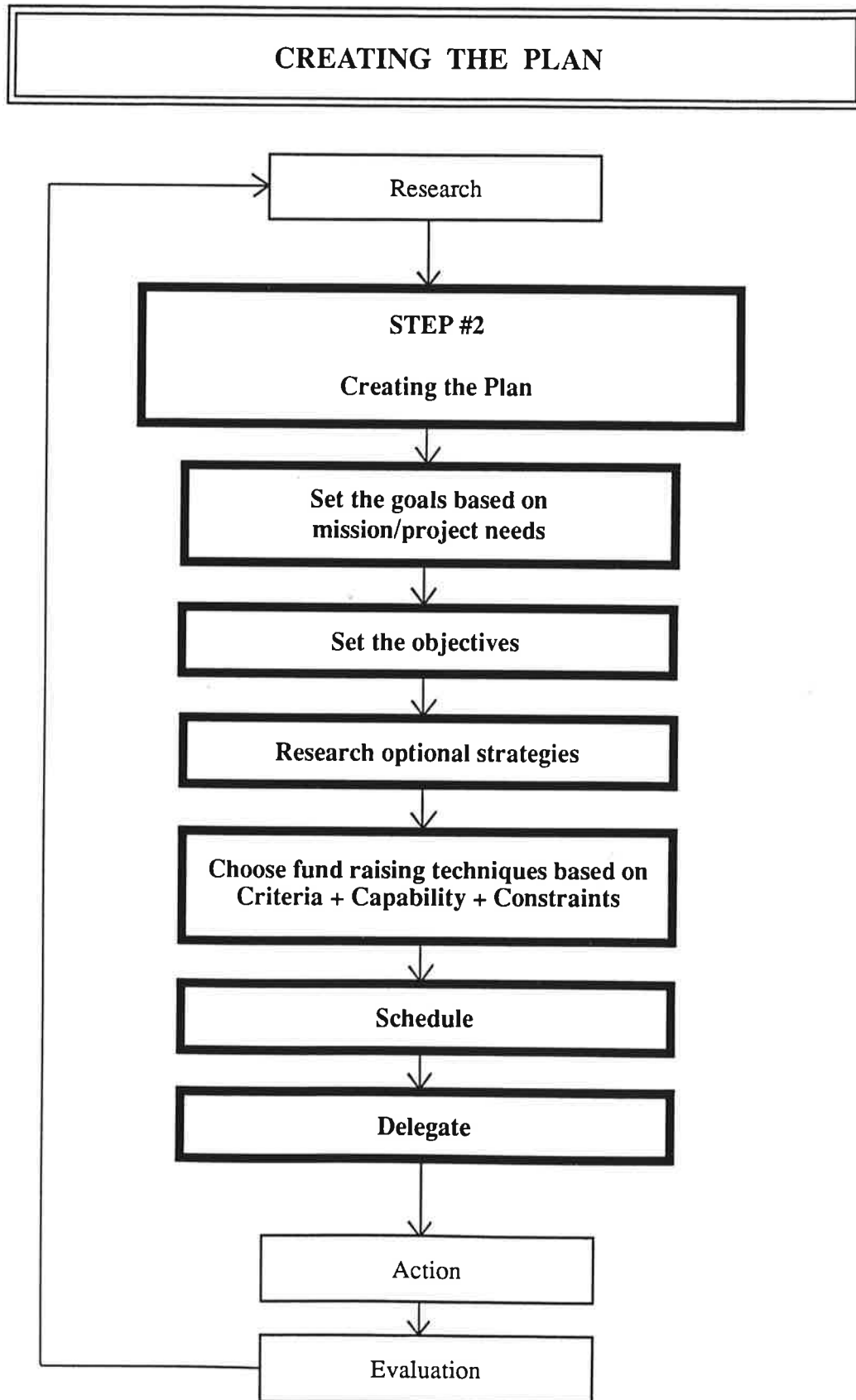
- A. The Board
 - a) approves \$5,000, and
 - b) allows you to reinvest 25% of what you raise.
- B. You spend \$5,000 and raise \$20,000. You turn over 75% to the projects (\$15,000) and you have 25% (\$5,000) for more fund raising.
- C. If you can turn this money over 6 times in the year, you spend $6 \times \$5,000 = \$30,000$. You also have revenue of $6 \times \$20,000 = \$120,000$.

- D. If some fund raising activity produces only \$10,000, then your reinvestment pool drops to $25\% \times \$10,000 = \$2,500$.
- E. Of course, if you do better, and raise \$30,000, then your reinvestment pool climbs to $25\% \times \$30,000 = \$7,500$.

REVIEW OF RESOURCES

We've discussed the two central resources: labour and capital. Based on your assessment of these, where does your organization fit on this grid?

		CAPITAL	
		STRONG	WEAK
LABOUR	STRONG	DOUBLE STRONG	CAPITAL WEAK LABOUR STRONG
	WEAK	CAPITAL STRONG LABOUR WEAK	DOUBLE WEAK





STEP #2**Creating the Plan**

**Set the goals
based on mission/project needs**

Future Needs

Goals relate to projects, not organizational needs. How do you cover core costs, administration and fund raising expenses?

Budgeting must go beyond the old-fashioned single-column.
The old way:

ITEM	AMOUNT
Salary	\$ 1234.56
Rent	\$ 2345.67
Printing	\$ 8910.23
Postage	\$ 4567.89
etc.	\$ 123.45
etc.	\$ 67.89
TOTAL	\$17249.69

Hardly any donors will want to give you \$1,234.56 to cover your salary costs. It is equally unappealing to contribute toward your overall budget of \$17,249.69. These are just numbers, apparently unrelated to results.

Try this method instead. Create a column for each of your projects or activities - the work your organization was created to do. Things like putting on art shows for children, taking meals to disabled people, educating social workers about wife abuse, transporting senior citizens and so on. Now allocate a portion of each expense to the projects. The results will look like the next example.

None of the columns is for "fund raising and administrative expenses". These costs are included in the cost of each project.

<u>Projects</u>						
ITEM	#1	#2	#3	#4	#5	TOTAL
Salary	123.45	271.45	222.22	401.12	216.32	\$ 1234.56
Rent	234.56	etc.				\$ 2345.67
Printing	891.02		etc.			\$ 8910.23
Postage	456.78			etc.		\$ 4567.89
etc.	12.34				etc.	\$ 123.45
etc.	6.78					\$ 67.89
TOTAL	1724.93					\$17249.69

Now you can fund raise by saying that the cost of project #1 is \$1,724.93 and that it will accomplish a specific goal (transporting senior citizens, for example).

If you can relate the cost to a specific number of services delivered, so much the better. If project #1 transports 146 senior citizens, for example, the "unit cost of service" is clear. $\$1,724.93 / 46 = \37.50 per senior citizen. A "bite-size" contribution of \$37.50 is realistic to ask of an individual - and the donor can see what the donation will accomplish.

An arts group might relate it to the number of people who will see a painting or a performance. An advocacy group might divide by the number of legislators reached, or the number of members of the public affected by the issue.

Make sure the cost of transporting senior citizens (or whatever your project is) includes a fair share of all the costs of your organization. Don't just include the obvious direct costs.

If you raise \$20,000 to buy a van, you still may not be able to transport senior citizens. You need a driver, insurance, gas, maintenance, extra tires and other hidden direct costs. You also need a brochure to tell seniors that transportation is available, someone to write, design and distribute the brochure. A phone that seniors can call to ask for a ride. Someone to coordinate volunteers to answer the phone. A desk to put the phone on. An office to put the desk in. Heat for the office. An administrator to make sure this is all coordinated. A bookkeeper to pay the bills. These are all real costs of transporting each and every one of those seniors.

This is a legitimate budgeting system often used not only by non-profits, but by businesses and governments as well. When a hamburger chain calculates the price of each burger, it includes not only the meat, bun and special sauce, but also the grill, the mortgage on the building the grill is in, the wages of the grill cook, the supervisor, the advertising, the head office boardroom broadloom, the salary of the president, the shareholders' profits, the research money on new products and the investment money

to open a new location. They don't say, "Let's just ask the donor for the money for the meat and bun - we'll get a government grant for the operating costs." They'll take the grant if they can get it - and still make sure every customer's burger includes every item, right down to a tiny slice of the new broadloom.

Non-profits can afford to do no less.

In fund raising, do you set your income targets high or low?

One school of thought says, "Set your sights on the stars. Even if you fall short, you've got the moon. It's a great motivator to push beyond your abilities."

The other replies, "If we aim too high and miss, everyone will be depressed, and we'll be publicly embarrassed. But if we shoot low and exceed our goal, it will be a lift."

Both sides seem to set targets by picking numbers out of the air.

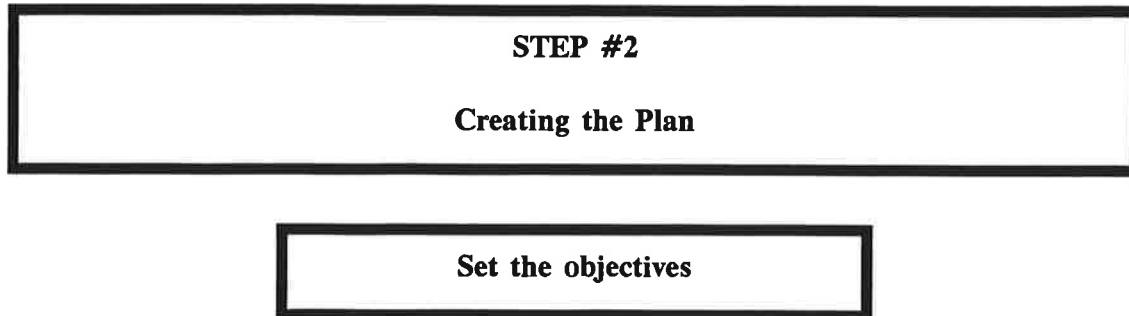
Ken Wyman recommends targets be set based on analysis of the resources and the potential. Can you double your income in a year? Or perhaps increase it tenfold? Or is 10% cutback realistic? The answer depends on your plans. You can't double your income without doing at least twice as much as you were doing before. What's the plan?

How much will come from direct mail? Did you base your expected response rate and average donation on your past history? Did you get projections from an expert?

How much will come from special events? How do you know what revenue to expect from a given event? Ask someone else who has done it.

How much will come from grants? Is it realistic to expect \$10,000 from the ABC Foundation? Check *The Canadian Directory to Foundations* published by The Canadian Centre for Philanthropy. If their average gift to agencies like yours is \$500, you need to revise your expectations.

It is possible to shoot for the stars and get there. But there must be a detailed plan to back up your projections.



Financial Objectives

Setting financial objectives requires that you have clear project plans. Each project must be well thought out, to determine how much money is needed when.

Do the exercises in the appendix on

- matching financial objectives to projects, page 167 (Appendix VIII);
- breaking down need for cash into urgent/long term, page 169 (Appendix IX).

Remember that no one gives to help you reach a financial goal *per se*. Whether the target is \$10,000 or \$10 million, these are just abstract numbers until they are related to the good the money will do.

STEP #2
Creating the Plan

**Choose fund raising techniques
based on Criteria + Capability
+ Constraints**

What criteria are needed to measure the success of a fund raising program?

You may wish to discuss criteria in your own organization, as a basis for planning changes and improvements.

Criteria	Rate your own fund raising program				
	VG	G	F	P	VP
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Ken Wyman's top ten criteria are as follows:

1. Does the financial return justify the finances invested?
2. Does the return justify the volunteer and staff time invested?
3. Does the *non*-financial return justify the time *and* money invested?
4. Is there a reasonable return for the risk involved?
5. Does the program fit the organization?
6. Does it reach the right target market(s)?
7. Is there long-term growth potential?
8. Have you considered opportunity cost?
9. Are expectations realistic (as proven by research)?
10. Is there the will to succeed?

CRITERION #1: Cost Effectiveness**Does the financial return justify the finances invested?**

Obviously the fund raising must pay back at a reasonable rate of return on investment.

But what is a reasonable rate?

There are legal requirements that affect this. There are also accepted norms of costs.

The legal answer has been set by Revenue Canada. There may also be provincial and municipal regulations that will affect you.

Overall, Revenue Canada says, you may spend no more than \$20 to raise \$100. Or, to put it another way, fund raising must gross \$5 for every \$1 invested.

This represents a 500% return on investment. Few businesses expect that kind of profit ratio.

Yet many charities succeed. In well-developed campaigns, expenses can be quiet low.

- United Way fund raising, for example, may cost 10 cents on the dollar or less.
- Multi-million dollar capital campaigns for hospitals and university buildings may run as low as 5%.
- Smaller organizations, those just starting out, and those expanding aggressively may well find costs run well over 25% - and in some cases much more.

Twenty percent is a difficult standard to maintain for each individual type of fund raising.

Some methods cost more, others less, as you will see below.

But first, let's explore Revenue Canada's rule. They say that organizations must spend 80% of all receipted income on project activities within one year, and no more than 20% on fund raising and administration combined.

You must understand these regulations properly. While the authors of this book are not lawyers, and do not claim to give legal advice, a quick explanation may avoid confusion. For full answers, please see a professional.

First, this applies only to donations for which tax receipts are issued. You may technically spend unreceipted income on overhead.

Second, Revenue Canada allows you up to one year to meet this target. Revenue received and receipted in this fiscal year must be spent by the end of the next.

Third, "administration" applies only to organizational administration, not to project administration. Many non-profits make the mistake of assuming that all salary is administration.

For example, a group devoted to helping the aged might legitimately include the following as project administration, and therefore part of the 80%: social workers' salaries, support staff in the project, transportation, overhead for this direct work, and so on. Only the overall administration of the organization itself should be counted toward the 20% side. This might include: fund raising, accounting, executive director's salary, and so on. If the executive director spends part of her time seeing clients, then the salary and all related expenses should be divided in proportion.

Finally, many organizations claim that a major portion of their fund raising efforts are, in fact, public education. If public education is part of the organization's programs, then a portion of the fund raising costs can be assigned to the 80% side. This may apply to direct mail, displays, advertising, and some kinds of special events. Some fund

raising cannot be offset in this way. It is unlikely, for example, that bingo can be considered educational.

Not all fund raising techniques can produce at the 80/20 ratio, however. This must be an average of all methods an organization uses. The following pages provide some average costs to compare against.

Unfortunately, there is not a great deal of reliable research on typical fund raising costs. Some anecdotal evidence compiled from senior professionals can provide general guidelines. Specific situations may lead to variations.

Cost of Direct Mail

For simplicity's sake, let's divide direct mail into two categories: prospect mailings and current donor mailings.

Prospect mailings are sent to people who have not previously contributed to your organization. Typically, they return only slightly better than break even. That is, you may have to invest 90 cents to raise \$1.

Clearly, this is unacceptable as fund raising *per se*. *However, the goal of prospect mailings is not to raise money, it is to add names to the proven donor list.*

Many successful magazines will routinely spend significantly more to attract a potential subscriber than the cost of the first year's subscription. They consider this a reasonable investment. It pays off because the subscriber continues on for several years. Granted, the magazines also earn income from each subscriber, from advertising and from sales of related products such as books. Charities, however, can also sell products, use membership figures to justify grants, and ask donors for special emergency support.

In the same way, it is reasonable for a charity to invest heavily in acquiring donors - if, and only if, there is an effective multi-year fund raising campaign that produces more income from the donor. You may wish to review the donor pyramid information on page 10 for more on this.

In mailings to current donors, a typical return may range \$5 to \$15 return for every \$1 invested. This variation results from several factors. Economies of scale can make larger mailings much cheaper than smaller ones. Better mailing packages may produce higher average donations or larger response rates. Timing, frequency of mailings and other variables affect results.

For more information on direct mail, you may wish to request a free copy of Ken Wyman's book *Everything You Need to Know to Get Started in Direct Mail Fund Raising*, which is available from the Secretary of State of Canada, Voluntary Action Program, 15 Eddy Street, Room 5D20, Ottawa-Hull, K1A 0M5 Phone: (819) 994-2255.

Cost of Special Events

The endless varieties of special events make it impossible to suggest accurate cost to income guidelines for each. However, it is generally accepted that events should cost no more than 50 cents for every dollar raised.

Of course, some organizations do much better. Some can arrange to have events paid for by other groups, keep costs low, and rely upon volunteers, so that costs approach zero.

At the same time, many organizations have found themselves spending much more, and even losing money on events.

Costs of Other Fund Raising

The most cost efficient form of fund raising is wills and bequests. Costs are low, although some large organizations, such as churches, do invest in brochures, advertising and even full time staff people to solicit wills and bequests. The returns are very high.

Face to face visits with major individual donors are also very cost effective. Since these are done by volunteers, and not much material is required, it would be difficult to spend more than 5% or 10% of the income. This is the upper level of the donor pyramid, and, in a mature fund raising program, balances off and justifies the high costs of donor acquisition and cultivation.

A word must be said here about companies that solicit donations for charities by telephone on a commission basis. The costs of this method of fund raising can be shockingly high. In one documented case, the callers raised \$360,000 - of which the charity received only \$60,000. Other examples have been even worse. In the United States, where such techniques are more common, one study examined a number of such firms and found that, on the average, the charities received less than 20% to 30% of the total raised.

The Code of Ethics of the Canadian Society of Fund Raising Executives specifically warns against paying a commission to a fund raiser for the protection of the charities.

Ultimately, every organization must decide for itself what reasonable rates of return will be.

Be certain, however, to include *all* costs in your calculations. Too many groups consider only the obvious, out-of-pocket costs paid by cheque, credit-card or cash.

Other costs must also be included in the fund raising budget, at least for internal calculations, so you have an honest appraisal. The overhead costs of running an

organization must be taken into account. These include rent, office equipment, support staff, telephones, supplies, and a host of other routine items that are used in fund raising.

There are hidden costs, too. For example, a group may print brochures in quantity, but not attribute the proportional costs to the campaigns where they are given out.

Third party and subsidy costs are also real. It is delightful when a grant or a sponsor covers part of campaign expenses. For example, a printer may donate printing of a mailing. For the records, however, it is wise to include this as both income and expense. Otherwise, if free printing is not available in subsequent campaigns, the planners may be in for a nasty surprise concerning the true costs. In addition, time and effort went into getting the free printing - and that too is a real cost.

Staff and volunteer time must be accounted for, too, as you will see below.

CRITERION #2: Time Effectiveness

Does the financial return justify the volunteer and staff time invested?

The complaint has been heard in every corner of the land: "When you add up all the hours we put into this fund raising, it just wasn't worth the trouble."

Fund raising is usually a labour intensive process. This is a reality that must be included in planning. Calculating the value of time in dollars and cents may help it seem more real.

It is a truism that non-profit groups routinely spend time recklessly, while being overly tight-pursed when money is required. For the sake of burnt-out staff and volunteers, this must stop.

There are no definitive answers to what time is worth. A group of senior citizens with time on their hands may be satisfied raising \$5 an hour, if they gain other benefits, such as companionship and a feeling of self-worth. Highly paid yuppies might prefer to write a cheque than to spend their time grovelling for a few dollars. It is all in the eyes of the doer.

Yet clearly some techniques produce better returns for each hour of work. A wise organizer will naturally gravitate toward these.

Only your own record-keeping will reveal which are which. Far too many organizations have no idea how many volunteer hours are spent on any given task. Indeed, many can't even determine how many staff hours are spent.

Some organizations provide time cards for volunteers and staff to complete and hand in. To achieve accuracy, these must be filled in as the work is being done, not long after.

Some go as far as to assign a dollar value to volunteer work. A few government agencies have been rumoured to consider this a kind of donation and use it for matching grants. Even if you can't achieve this, it adds to your credibility if you can state how many hours of citizen involvement you have received.

How much is an hour of volunteer time worth? The most accurate method is to calculate what you would have to pay to have the same work done. This figure is totally independent of the normal pay rate of the volunteer. Thus, a \$250 per hour lawyer stuffing envelopes is worth minimum wage. An unemployed carpenter involved in high-level planning may be worth \$250 per hour.

If you are not prepared for this level of calculation, at least *guesstimate* the number of hours required for a task, and compare it to the projected income.

Homework

Projected staff hours:

Projected volunteer hours:

Projected income raised per person per hour:

Market value of volunteers on an hourly basis:

Task	If hiring, rate we would have to pay:

CRITERION #3: Adequate Non-Financial Return

Does the *non-financial* return justify the time *and* money invested?

Money is not the only outcome of fund raising. Many groups justify low income at an event by reassuring themselves that it brought in good publicity.

If you planned on publicity, then this is indeed a positive result. Even if you didn't plan, truly good publicity is well worthwhile. Unfortunately, most groups who use this excuse are lying to themselves.

Before we examine how to accurately evaluate the worth of non-financial benefits, let's determine what some of these are.

Other Performance Advantages

Fund raising can produce many benefits besides money. The advantages of these should be considered in making your choice.

COLD CASH (Once you spend it, it's gone.)

- cash
- cheques
- money orders
- credit card donations
- in-kind donations of goods and services
- post-dated donations
- pledges

WARM FUZZIES (These are the good feelings that open doors tomorrow.)

- publicity
- donor cultivation
- image
- contact with people
- credibility
- education
- motivation
- increased commitment
- good community relations

HOT TOPPINGS (These enhance *long-term* ability to raise more.)

- names and addresses of new donors to ask again
- retention of existing donors
- ability to repeat the fund raising technique
- leadership training

- new volunteers
- reinvigorated volunteers and staff
- diversified sources of funding

Setting Measurable Goals

The next task is to quantify your expectations in each category. Otherwise, you will not be able to tell whether the results are worth the effort.

For example, if you are embarking on a fund raising technique because it will bring you new donors, how many new donors must it attract to be considered a success? Clearly, the answer will depend on the donors, too. A donor who will give several thousand dollars is clearly worth much more to the organization than one who gives \$5 or \$10. The democratic desire to consider all people as equals too often masks the financial realities.

The Value of Publicity

The same standards must be applied to publicity. How much coverage did you get for your effort? The easiest measure is to count the number of seconds of broadcast time and the number of inches (centimetres) of print space.

Of course, not all media is worth the same. The front page is usually worth more than page 97 next to the classified ads. Prime time is better than 3 a.m. Some groups develop complex rating systems.

To state the obvious, good publicity is worth more than bad. (Mind you, P.T. Barnum is reported to have said, "I don't care what you write about me as long as you spell my name right.")

You must also analyze which media are most valuable to you at any given moment. A classical music group may be glad of any publicity it gets - but will a feature on a country-and-western radio station really help?

In the end, there are a few methods to determine the value of media coverage or other publicity.

Equivalent Advertising Cost

Ask these simple questions:

What would it have cost you to buy advertising in the same spot as your story?

What did it cost you in time and money to get the same publicity "free"?

If you had purchased the ad, would you have run the same story?

In the final analysis, did you get a bargain?

Direct Return for Publicity

Measure the results produced directly by the publicity. This might be income, new volunteers, requests for free literature, or any other quantifiable measure.

You might track this simply in the context of normal traffic. For example, you might get an average of 10 calls a week year round. Following publicity, this increases to 35 calls a week for two weeks.

You might set up a more direct method to track responses. In the publicity, you could give a special phone number not otherwise used for inquiries. Or give your address with a code in it - such as adding "Room 204B". Or ask people to speak to a person by name - some companies use fictitious names for easier tracking. Admittedly, this is more difficult. In some kinds of publicity it is hard enough to get the name of the organization mentioned, let alone the code.

Direct return also fails to effectively measure the long term benefits to the organization. Good publicity may pay off months or years later.

Comparative Impact

It is cleaner to compare results without overlapping effects between one type of publicity and another. This requires setting test zones. For example, you try one publicity method in Peterborough and another in Kelowna. Then measure how response varies in each community over the long run. This is the method used by marketing companies to compare the effectiveness of advertising in producing sales of goods.

Value of Other Non-financial Benefits of Fund Raising

The same questions apply when you calculate the worth of many other non-financial benefits of fund raising. Always try to quantify and measure results against expectations and expenses.

For example, how many new volunteers do you plan to attract? What skills must they have? How many hours of productive work must they put in to justify the training investment?

If an event will improve morale, will you measure that in reduced staff turnover? What's the average turnover now? What does turnover cost, in hiring expenses,

training, and lost productivity? How much of a change will be needed to justify the costs?

Value of Public Education

If an effort is being made to educate the public, how can you tell if they are educated?

Try a before-and-after quiz or poll to see what they learned. Follow-up surveys six months or a year later will reveal what they retained, or what attitudinal shifts remain after the immediate learning experience is long forgotten.

Compare answers of those who participated in your educational process against a control group of the general public, in case the media or other factors resulted in widespread changes. This is much like a public opinion poll, but on a smaller scale.

Results can be measured in percentages of attitudinal shift. Before the education, X% believe such-and-such is true. Afterward, Y% did. This represents a swing of Y-X%. It cost \$Z to achieve this. Was it worth it?

It can also be used to compare the relative effectiveness of alternate educational methods. If a group is attempting to change attitudes about El Salvador, it can use a variety of techniques. Bringing a speaker from El Salvador might cost 10 times more than showing a film. Is it 10 times more effective? Only this sort of test will show.

The same applies to teaching about safe sex, Canadian art, ethics or any other topic.

This can be called THE COST OF CHANGE.

Value of Donor Retention

This is another important non-financial benefit. In fact, it has very real financial impact. Every organization loses some donors every year. Some die. Some move, leaving no forwarding address. Some retire or become unemployed and can no longer afford to give, at least temporarily. Some lose interest. Some are offended and leave angrily. Some just drift away. Many of these factors are beyond your power to control - but not all.

It is expensive to find a new donor. It is almost always cheaper to keep an existing donor happy than to find a new one. This is especially true in the light of the donor pyramid. Since the best donors will remember your charity in their wills, losing a donor can mean more than losing their immediate gift, of say, \$25. That person might have been worth thousands of dollars - or even hundreds of thousands - in foregone revenue.

How many donors do you lose every year? This is an important piece of data to calculate.

On the average, mailing lists go out of date at the rate of about 25% per year. You may be doing better, or worse.

Some charities calculate that an "average donor life-span" is about five years. That is, from the first donation to the last, donors will stay with a group five years. It does not mean that they die at the end of five years - although they might. What is your group's average donor life-span?

There are many techniques used to maintain donor loyalty. A newsletter is one of the most common. Is the newsletter doing its job?

First, you must calculate the cost to produce and mail the newsletter per donor per year. How does that compare to the cost to acquire a new donor?

Next, you must decide if the newsletter is in fact helping to retain donors. It might not have any affect one way or the other. It might even be driving donors away! They may be annoyed at the content. They may think, "If that charity can afford to send me this newsletter they must not need money very badly, and they're squandering my donation instead of spending it on the cause."

To find out if the newsletter is effective, there is only one reliable method. Pick a sample group of donors and stop sending them the newsletter for one year or longer. See how many complain. Track the donor retention rate in this test group against the main donor list. Then you'll have proof.

Don't ignore other methods of donor retention. These include good thank-you letters, special events, and quick follow-up on lapsed donors.

Many charities have form letters specially designed to send to donors who have not given in the last 13 or 14 months, with additional letters sent until either the donor responds or the cost of mailing is prohibitive. Most people are familiar with letters like these that are sent by magazines when people let their subscriptions lapse. For more on lapsed donor letters, see *Everything You Need to Know to Get Started in Direct Mail Fund Raising*.

In every case, the cost effectiveness should be measured.

Conclusion

Non-financial benefits are real. But are they really worth all the effort? Gut instincts are one answer, but only quantifiable measurements will tell the truth.

Homework**Value of projected non-financial results**

Specific Results expected	Gross Cash Value	Hours of work needed	Cash Equivalent for labour	Other Costs	Total Cost	Net Gain/Loss

CRITERION #4: Is there a reasonable return for the risk involved?

Fund raising is full of risks. But these are seldom thought through adequately.

Non-profit organizations are notoriously shy about taking risks. Or they think they are. Yet many thoughtlessly take huge risks in fund raising, committing vast amounts of time and money to unproven ideas.

The business world has made an art of risk management. Charities can do so as well.

There are essentially three steps to follow:

- Identify the risks.
- Minimize the danger.
- Evaluate whether the possible reward justifies the remaining risk.

What are the risk factors in fund raising?

Here are some of the typical risks involved in fund raising. You may think of others. Examine each specific fund raising technique to unearth its unique hidden risks.

SAMPLES OF THE RISKS OF FUND RAISING

- Losing money
- Not selling enough tickets
- Bad publicity
- Offending donors
- Personal embarrassment that hurts your career/ego
- Legal or insurance claims
 - injuries during an event
 - alcohol consumed at an event leads to accident
 - wrongful dismissal
 - lottery ruled fraudulent because a ticket buyer discovered the volunteer had turned in his ticket after the draw, so he had no real chance to win
- Loss of matching funds
- Loss of volunteers or staff
- Cutting back of government grant if you are successful, since you can obviously get the money from others
- Donors deciding you're so successful they give their money to other "needier" groups
- Add yours: _____

How do you minimize risk?

Minimize the risk of losing money

1. Don't try untested ideas. Let other people invest in Research and Development; you specialize in using proven techniques well. New fund raisers worry too much about being unique. Experienced pros concentrate on the bottom line.
2. Cut expenses to the minimum. If you don't spend much, you can't lose much. Don't eliminate expenses *necessary* to producing income - just the frills.
3. Use OPM - Other People's Money. This is a basic principle for commercial success, and it applies here, too. This means getting in-kind donations of goods and services to reduce the costs. When you have to pay, get a sponsor to subsidize costs.

4. Develop early-warning systems to let you know if problems are developing while there is still time to correct them.

Minimizing the risks of lawsuits from alcohol at an event

Here are some of the options. Add your own...

1. Don't serve alcohol. Of course, this carries the risk of making you unpopular with some people.
2. Charge for drinks. If serving any free, make it only one, and weak.
3. Consider how you will handle a drunk guest who wants to drive. Who will do the delicate job of relieving the person of his/her car keys. What will you say? Will you have someone ready to drive instead, or call a taxi?

Homework

1. Have brainstorming sessions with your most pessimistic friends to identify all the risks you face.
2. Have brainstorming sessions with your most creative friends on how to resolve the risks you face.

How do you evaluate if the risk is worthwhile?

Risk/benefit analysis is a complex art. Time and space do not allow a full explanation here. Here are some highlights:

Evaluating Seriousness of Risk

Losing money is a real risk. It is not hard to determine how much you could lose if things go badly. It is harder to evaluate the negative effect of bad publicity, a possible loss in the number of donors, or an insurance claim. Talk to professionals in these fields and ask their advice. Insurance companies specialize in risk analysis. Ask one to loan you one of their senior risk evaluators to help calculate the true potential impact.

Potential Loss Versus Potential Gain

Keep the down-side in balance with the up-side. Don't try a fund raising technique if the worst-case scenario is a \$10,000 loss, while the best is a \$1,000 gain. It's a little like asking a bookmaker to give a gambler the odds of winning - avoid the long odds unless the potential win is big.

CRITERION #5: Does the program fit the organization?

The idea must be right for your group. There are a host of factors here. Some of the most important are as follows:

- A. Available Seed Money
- B. Available Human Resources
- C. Available Information/Know-how
- D. Available Technology
- E. Timing and Schedules
- F. Policies and Principles

Let's look at each briefly.

A. Available Seed Money

Start by clearly identifying the limits.

"You've got to spend money to make money." That's one of the old cliches of fund raising, and it's still true. But some kinds of fund raising take more money than others. Some require more at the beginning than others.

For example, in a direct mail campaign, you may be able to persuade the printer to wait 60 to 90 days for payment, which means you can pay the printer's bill out of the proceeds of the campaign. The post office, however, does not advance credit - you must pay for stamps before you can mail.

You must decide exactly how much you have to spend before planning. Don't ask people to propose ideas, and decide if you can afford them afterwards - this is especially unfair to consultants.

State your opening kitty. Calculate available cash flow during the life of the campaign.

B. Available Human Resources

Most fund raising is labour intensive. What labour power do you have to invest?

Calculate how many person-hours are available.

This must be measured realistically. Don't assume that *all* board members will sell tickets, for example.

You must also assess when people might be available. For example, if your team is stuffing envelopes, 100 person-hours could equally well be composed of one person for

100 hours or 100 people for one hour. It makes no difference. However, if your team must carry a piano up 3 flights of stairs, one person working for 100 hours will not do the job - nor will 100 people working for one hour.

C. Available Information/Know-how

You've got to know how a fund raising idea is implemented. Does anyone in your group have experience? If not, can you get someone who has? If yes, in what kinds of fund raising?

If you have people who know something about doing a 10K run, but nothing about direct mail (or vice versa), consider the merits of going with your strengths.

You can learn a lot by attending courses and reading books and journals. But don't overestimate your new-found knowledge. Reading one medical textbook does not make you a surgeon.

Trial-and-error is the most expensive way to learn. Even when you make money, you may never know how much more you might have made! Donors don't give you money to waste this way. People dependent on your organization for help are hurt by these losses.

You have a responsibility to be a good steward of the resources entrusted to you. Many groups view that as a licence to be penny-wise and pound-foolish. Contrary to popular belief, throwing away precious hours of staff and volunteer time is *not* cheaper than spending money on an expert.

Expertise can be acquired by recruiting knowledgeable volunteers. Or by hiring staff. Or by retaining a consultant.

D. Available Technology

Some fund raising can be limited by technology. Consider what you have and how it will affect your fund raising ability.

The most obvious example is a computer to maintain donor records. (Incidentally, hardware alone is not enough. Invest in good software programs that have been written specifically for fund raising. Don't try and have a computer person develop software for you - the results are almost always frustrating in the extreme.)

You may also want access to a laser printer to produce personalized letters. In some (but *not* all) cases, these can increase income substantially.

To run a telephone campaign, you may want to borrow an office with several phone lines.

A fax machine can be handy, as well, for organizations with many contacts for consultations. However, faxing fund raising appeals to dozens of corporate offices is definitely *not* recommended.

None of this technology is essential. Organizations were fund raising successfully for literally centuries before any of this was invented.

Nor do you necessarily need to *own* any or all of this technology. Access can be begged, borrowed or rented.

But you must know what you might be able to use, in order to plan appropriately.

E. Timing and schedules

Fund raising is seldom an instant process. It takes time to develop good donor relations. You have to know your needs and your available time.

WILL YOU INVEST THE TIME NEEDED FOR FUND RAISING?

Organizations must be prepared to devote at least 20 percent of their resources to fund raising, and for the board and chief staff officer this will have to be closer to one third of their board and staff time for the first year or two....

In the overwhelming majority of cases the reaction is absolute horror, rejection, anger and insult. They make it sound unethical or unlawful or both. I point out that once the effort is underway, the proportions decline, but that doesn't make much headway.

Brian O'Connell
Independent Sector

Homework

Who on your board is willing to work on fund raising?

How much time do they have?

What skills do they have?

Can you recruit other people with skills, time, and willingness?

Calendar Considerations

Fund raising is a highly seasonal activity. Some techniques work best at specific times of the year.

Worrying about seasonal over-crowding and saturation is a common error. Some people are shocked by how much fund raising goes on in certain seasons. They assume the market is over-crowded, so they try a different time. This is illogical. Certain times are busy because that is when the donors are responsive. It's like the old joke about the child who loses a coin in scratchy bushes, and then spends hours hunting for it under a lamp post - "because the light is better here".

What are the seasons of fund raising?

Some types of fund raising are fixed at certain seasons. Here is a quick peek at the calendar.

Mail

The best time of year is pre-Christmas - late October to early November.

Second best is pre-Easter.

Third best is Labour Day - especially if the cause can be connected to children going back to school.

The worst is mid-summer.

Grants

Corporations and government departments often decide how the grant budget will be spent before the beginning of their fiscal year. Since most have fiscal years that begin in April or May, it is best to have applications in well before then. November to January are the prime seasons. May and June are usually bad times.

Some do give out funds at other times of the year. Foundations in particular reveal their schedules in *The Canadian Directory to Foundations*.

Some government departments have "left-over money" that must be spent in the last few weeks of their fiscal year. They budget on a "use-it-or-lose-it" basis. Smart non-profits have grant applications ready to help them find good uses for funds at the last minute.

Events

Most events happen in "the party season" of early fall and late spring. Some must go with the weather - golf tournaments and swim-a-thons will work best in the summer. Fancy dress balls and down-hill skiing do not usually work well in the heat.

Other types of campaigns are less dependent on seasons, but still have time restrictions:

Phone Campaigns

- Avoid summer.
- Avoid dinner hour and late nights.
- Don't call during hockey games or the Academy Awards.

External calendar factors other than the seasons can affect your timing. Some of these are predictable. Some happen irregularly, but with advance warning. Some are unpredictable and relatively sudden.

Take all of these into account when planning your fund raising. They can provide great opportunities. They can also ruin plans, but foresight can minimize the risks.

What external calendar factors can affect your timing?

Predictable:

Other fund raising campaigns may dominate for a few days or more. The United Way, Scout Apple Day, Daffodil and Carnation days are all examples. You shouldn't be afraid of competition, but neither should you needlessly go head-to-head.

Vacations, such as school breaks, can reduce the number of board members and other volunteers available for fund raising in some groups. In others, it presents an opportunity to arrange child-oriented events.

Irregular but planned in advance:

Celebrity visits: Royalty, the Pope, Rick Hansen come to town. They can distract donor attention - or provide fund raising opportunities.

Fads: Pandas at the zoo were so popular that some groups totally unconnected with the zoo or animals had panda parties.

Major openings: *Phantom of the Opera* had charity evenings. Movies opening in your local cinema may be smaller "first night" opportunities.

Sports: From the Olympics to amateur games, there are irregular events to take into account. They can help or hurt your efforts. Avoid holding events during the Stanley Cup, Grey Cup, World Series and so on, if you expect sports fans to attend.

Unpredictable:

Mail strike: What will you do if one happens during your big fund raising mailing of the year?

Weather: One group, having an outdoor event, researched the entire meteorological history of the area to find the day least likely to rain. Of course, it did rain. Better to spend time arranging giant tents and other emergency precautions. Even better to sell tickets long in advance, so that, even if the weather is so bad that no one can attend, you don't lose money.

Guests of honour or entertainers cancel at the last minute, get sick, are stuck at the airport, get caught in traffic.

Elections: They can make it very hard to get volunteers or media attention. They sometimes make it hard for controversial groups to get government grants while the bureaucrats are protecting themselves.

Economic cycles: recession and prosperity, stock market crash or boom.

Disasters: • Natural (earthquakes, hurricanes)
• Accidents (fires, collapsing bridges)

How does the speed of response affect your choices?

When is the money needed?

Many groups put themselves into unnecessary crisis by insisting on banking money before it is needed.

"We must have \$24,000 by May 1st," they cry. In fact, it may be that the program actually needs \$2,000 a month for a year. It is often easier to raise funds on a monthly basis than all at once. While it is wise to have a small safety cushion, demanding too much can block progress on needed projects.

In the industrial world, there has been a big move away from stockpiling parts and supplies in large quantities. Instead, they have moved to "just-in-time" inventory, where supplies arrive as they are needed. Just-in-time fund raising has similar merits. Of course, many groups have unintentionally spent years fund raising just-in-time, not-quite-in-time, and decidedly behind-the-time.

How urgently is the money needed?

The fund raising technique has to produce income when you need it. But different techniques pay off on different schedules.

For example, if you need money immediately, starting a direct mail program is not a good solution. Direct mail can take from one to three years to produce a significant profit. On the other hand, once it is developed, it can effectively reach large numbers of people and produce a steady, reliable source of income. If you want to have a direct mail program, you must begin well in advance, and have seed money available for long term investments.

Similarly, grants usually take three to six months to process. Even after approval, many weeks can elapse before the cheque is issued. Be realistic about how soon the money will come, if it comes at all.

Wills and bequests take many years to produce income. However, if you don't spend money on a planned giving solicitation program, you will receive endowments only by chance.

Not anticipating needs is the opposite side of the same coin. If you own a building, it will probably need a new roof within the next few years. If you have a vehicle, copier or any other mechanical equipment, it will need to be replaced. Don't wait until the emergency to start fund raising. Anticipate needs. Include reasonable amounts of money in current fund raising budgets to cover predictable expenses.

F. Policies and Principles

What organizational policies - formal or informal - could affect the selection of a fund raising technique?

A wide range of issues can affect your fund raising. Here is a partial list:

Ethical Issues

Many organizations have strong positions on ethics and fund raising. A few examples include:

We won't/can't accept money tainted by

- gambling
- alcohol
- tobacco
- investment in South Africa
- labour disputes
- pornography
- weapons sales
- nuclear power
- environmental destruction
- exploitation of native people

We won't/can't use fund raising techniques that

- manipulate the donors
- ask "too often"
- give donors of large amounts special privileges
- ask poor people to give
- ask our clients to give
- break confidentiality

It is important that groups be clear about these limits before fund raising begins. It is also important not to let discussions drag on too long. Some groups debated whether or not to take "dirty corporate money" literally for years, even though it was unlikely such corporations would ever give them any. The debate took so much energy it prevented the groups from getting on with other fund raising ideas.

Without question, there are times when ethical limits should prohibit certain sources of fund raising. This can make a point of principle. It can also recognize that certain donations do more harm than good to the ultimate recipients.

It is also important that groups not play the game that Ken Wyman has called "Poor but Pure". In some cases, the white, middle-class college-educated Canadians on a board make decisions that keep themselves pure, but the people they are supposedly helping remain poor - or even die.

The solution is to give the recipients a real voice in deciding which money is too tainted and which is necessary evil.

Some groups, to paraphrase Groucho Marx, say, "I wouldn't take money from anybody wealthy enough to have some to give to me."

Board Composition

Another limiting factor is who serves on the board. It is well established that a board of influence and affluence can make fund raising much easier. Yet many organizations have structures that make it difficult to recruit such people.

One example is the board whose composition is primarily based on one or more of the following requirements:

- government appointees
- regional or member-group representatives whose primary loyalty is to their other group
- gender/sexual-preference balance
- client representation/balance
- ethnic representation/balance
- linguistic representation/balance
- geographic/regional representation/balance

Such groups would consider it dangerous to have donor representation, or to include people because they have the ability to raise money. They often worry that powerful interests will try to take them over.

The solution is to create Honorary Boards, Advisory Councils, and Friends of _____ groups. These people can get on with the fund raising, without disturbing the power structure.

Habits and Biases

Informal policies can be the most difficult. These include all the variations on these themes:

"We've always done it like that."

"We've never done it like that."

"We tried it once before." .

It also includes misinformation on what techniques work in fund raising, coloured by personal likes and dislikes.

Examples include:

MYTH: "I'd never read a long fund raising letter. Keep it to one page."
 REALITY: Two-page letters work better than one-page letters about 70% of the time. Four-page letters work better about 50% of the time.

MYTH: "We can't go back to the well too often. If somebody gave us money in the last 3/6/12 months, we shouldn't bother them for a while."

REALITY: The donors who gave to you most recently are the most likely to give again.

CRITERION #6: Does it reach the right target market(s)?

Not all Canadians are going to give to charity. Some have very limited interests, indeed.

For example, the research in *Canada Gives* suggests that only 500,000 Canadians will give to international development charities. Some of those, of course, give only to their own religious groups. Others only give to non-religious groups. Others still prefer religious non-sectarian groups. No one development charity could appeal to all 500,000 Canadians.

Good fund raising targets those who are most likely to be interested in giving to you. Bad fund raising tries to reach "the public" - far too large and undifferentiated an audience.

Ultimately, it might be possible to encourage those who are not giving now to change their minds, to make the pie larger. But for most organizations, the priority has to be first on reaching those already predisposed to giving to their kind of cause. Persuading others is harder, and more expensive. It must be a second level of priority.

An important criterion for good fund raising is that it focus primarily on your target audiences.

CRITERION #7: Is there long-term growth potential?

Fund raising is primarily a long-term project. Most of the organizations that exist now will continue to need money for decades to come. Their donors will continue to give money for the rest of their lives - and some will give after they die, through wills and bequests.

It's also important to realize that it takes time to develop a fund raising idea to perfection. Events get better with repetition. Mailing lists grow. Proposal-writing gets easier with practice. Organizations with track records are more likely to be popular.

Good fund raising takes all this into account.

A. The fund raising technique builds the donor base.

Techniques that add names to the mailing list while they raise money are almost always better than ones that only raise money, if all else is equal.

B. The fund raising technique upgrades the donors' giving level.

Better techniques take into account the donors' last contributions and encourages them to give more. The alternative is letting the donor give the same amount each time - which actually translates into shrinking dollars when inflation is taken into account.

C. The fund raising technique can be repeated and improved again and again.

It is hard to learn how to use any technique well. Good plans allow for mistakes. Learn from them. It is easier to do well by using the same fund raising method repeatedly than by constantly trying new ones.

CRITERION #8: Have you considered opportunity cost?

Fund raising plans must take into account what you are *not* doing as well as what you *are* doing.

In a world of limited resources, making one choice means eliminating another. The opportunity cost is the difference between how much money you make using Method A and how much money you *might* have made using Method B.

Try to be reasonably sure the options you are considering are the most productive. Compare them to other techniques. A surprising number of charities make decisions based on the first few ideas suggested.

At the same time, don't allow excessive research to prevent you from proceeding. Many groups are struck down by "analysis paralysis".

CRITERION #9: Are expectations realistic (as proven by research)?

Charities often have totally unrealistic hopes invested in fund raising techniques. They face grave disappointments because they naively assumed the best results. This can be devastating for a charity - but far worse for the people counting on their help.

Beware of phrases like these:

MYTH: "If everyone on our list will give just \$5 each, we'll make our goal."
 REALITY: Not everyone *will* give. Usually not even the majority will give.

- MYTH: "That company has taken so much out of our community, they owe us a grant."
- REALITY: Companies do not think they have taken anything out of a community, but rather that they have helped build it up. They almost never respond to this appeal.
- MYTH: "The government should provide 100% funding for this, so we're not going to let them off the hook by fund raising."
- REALITY: In this era of cutbacks and massive government deficits, full funding is seldom a real possibility. Maybe the government should provide funding - but it probably won't. Separate the moral position - what they "should" do - from the pragmatic - what they "will" do.
- MYTH: "We were disappointed when we tried direct mail. Only about 10% of the people we wrote to responded to us. It's a waste of effort."
- REALITY: Many groups have unrealistically high expectations of immediate results. In direct mail, when writing to people who have never given you money before, response rates of 1% or 2% are considered good.
- MYTH: "We'll hire fund raisers. They can raise their own salaries, and we can get back to the important decisions."
- REALITY: Fund raisers cannot replace board members and volunteers in fund raising, they can only supplement. Fund raisers expected to raise their own salaries within six months or even a year are usually doomed. It takes time to set up a fund raising system for the first time and get results.

To avoid disappointment, do your research before committing to a plan. Data on realistic expectations are widely available. Talk to other fund raisers - many are willing to trade information on what works. Check the fund raising journals, books and seminars.

CRITERION #10: Is there the will to succeed?

If an organization is not committed to fund raising, it will have a hard time producing good results. Amazingly, many people in positions of power inside charities have strongly anti-fund raising attitudes. Despite the fact that the organization's survival depends on their success, they remain negative.

There are a whole range of attitudes. Often they consider fund raising dirty, too much like the business world, perhaps even somewhat immoral. They only approve soft-sell

techniques so they don't offend anyone. They believe they have more important things to do.

They may even believe that being good in this society necessarily means being poor, being the underdog, and so they block any attempts to improve the group's economic status. If they believe that being rich must mean the person did something wrong, then they will not want to associate their organization with such people. At best they think of fund raising as a necessary evil.

Fund raising must become fun raising and friend raising.

The will to succeed is not enough all by itself, but a negative attitude can undercut any plans.

If your organization has many people with such an attitude, you must take remedial action before fund raising can improve.

Consider a motivational session. Remind people what the money is for - not budgets, or salaries, or overhead, but for the work you all believe in.

Consider training sessions. "Fear of fund raising" is a common syndrome. People don't know what they would say if asked to raise funds, so they try to avoid it. Once the mystery is removed they become much more relaxed.

Consider recruiting new people with positive feelings about fund raising.

STEP #2**Creating the Plan****Schedule****How should you plan your implementation calendar?**

**A plan on paper
is only good for
recycling... only
people and action
count.**

Here are the five steps to creating a schedule that actually works.

1. Identify tasks to be done.
2. Catch inter-dependent tasks.
3. Sequence tasks.
4. Group tasks to make job descriptions for individuals and teams.
5. Calendarize.
 - a) Reverse-calendarize.
 - b) Pad time to allow for slippage.
 - c) Allow for emergencies and overtime.
 - d) Pay careful attention to the start-up and benchmark dates, not just completion deadlines.
 - e) Revise regularly, and keep everyone on the same calendar.

Too many plans stop once the goals have been determined, and do not include *how* the work will be done. A realistic plan incorporates a schedule of operations.

Here are some quick suggestions on how to plan for implementation. This may seem like a complex process. It has been created out of years of experience with people who think it is easier than it is.

1. Identify tasks to be done

It is surprisingly difficult to identify all the steps in completing a task, even in a routine operation. People take so much for granted. But when someone is doing it for the first time, it may not be obvious at all.

Here are some suggestions on how to identify *all* the tasks:

Ask several people to brainstorm the tasks needed - this is one part of planning where several minds are definitely better than one. You might even create competing teams and challenge them to come up with the largest possible number of steps. This is also a good time to ask advice from outsiders who have done fund raising before, and might have ideas to share.

Once you've generated a list, keep it visibly posted for a few days, to let further ideas percolate.

At this point, the only important factor is identifying as many steps as possible. Don't worry about putting them in the right order for now.

Write each task on its own piece of paper. Call these TASK CARDS.

It's a good idea to use sticky Post-It notes for your Task Cards. This will make it easier to rearrange them later. Organizations with computerized project management software may be able to do this all electronically. However, given the cost of such software, its many flaws, and the relatively few non-profits that use it, we'll concentrate on a low-tech system.

2. Catch inter-dependent tasks

The next step is to note which tasks are inter-dependent. Let's call these "CHAINS OF ACTIVITY".

For example, here are three totally inter-dependent tasks involved in putting on a special event:

- Volunteers can't stuff invitations into envelopes until the printer is finished.
- The printer can't finish until the design is done.
- The design can't be done until the planners settle on the location and the price.

But other tasks for the same event may be carried on independently, such as arranging for food, decor, clean-up crews, and so on. There may be still other inter-dependent tasks. Some will interact with other chains. Some won't.

Take the Post-It notes listing each task and group them into chains, in the order they will have to be done. Give each chain a different code letter. Number the items within each chain in order of sequence. So you'll have A1, A2, A3, etc.

Now mark the code letter and number on each Task Card. Make it large enough to be seen from some distance.

Some Task Cards may have several chain codes. Some independent tasks may have none.

3. Sequence tasks

Now put all the tasks in the correct sequence. Don't worry about dates yet - just the order.

A large blank wall may be helpful. You might have the beginning on the right and the end on the left. Stick your Post-It note Task Cards on the wall, and rearrange them until they seem to be in the right order.

Try to keep items in a chain in line with each other, so you can see them easily. Tasks from several chains and independent tasks might interlace.

4. Group tasks to make job descriptions for individuals and teams

Examine the tasks to determine which ones should be assigned to the same people. In some cases, an individual may handle all. In some cases a team may be needed.

Ideally, this will develop a mini job description for each task. These are functional tools, not theoretic statements. Try to answer each of the following questions:

- What skills are needed to accomplish each task?
- How long will take to do it?
- How many people may be needed?
- What support, budget or training will be provided?
- What might make the task rewarding work?

If possible, mark these on each Task Card. Now you are almost ready to recruit people and teams for each task.

5. Calendarize

The next step is to establish work dates. Here are some tips on how to develop a realistic work calendar:

If you are working with a blank wall, you may now wish to mark sections off for months and weeks. This giant calendar makes work planning easier. Signs and tape make effective divisions without marring most walls.

a) Reverse-calendarize

Plan backwards from the completion date, not forward from today's date. Experience shows that people planning in reverse are more likely to be realistic about how long work really takes. Starting from the front, there seems to be so much time, that work is put off till later - and then a crisis develops.

b) Pad time to allow for slippage

Be sure to allow enough time for error. Many people find it wise to assume that each step will take fully twice as long as expected. If a task takes less time and you are ahead of schedule, that will cause few problems.

For example, if the printer tells you the invitations will be ready on the 15th, don't schedule the stuffing crew to start work on the 16th. Better to allow a few days or a week in case of delays. Arranging storage for a few days (if the printer is on time) is less trouble than asking the stuffing team to come back another day.

This can backfire if used to create false crisis. For example, don't ask someone to stay up all night preparing a report for you - and then wait a week before you look at it and respond. That person may never trust your deadlines to be meaningful again. It's like "the boy who cried wolf".

c) Allow for emergencies and overtime

In addition to normal padding, assume that some major crisis will emerge unexpectedly. If deadlines are too tight, there will be no room for compensation.

Since many staff people in non-profit groups routinely work long days and weekends, in case of emergencies they can only cope by working round the clock. This is a recipe for burn-out.

To counter this, plan a schedule that has "catch-up days" at regular intervals. These are your shock absorbers. If you don't need them, reward yourself with some time off. Or do some of the reading you've put off. Or even work ahead of schedule. If you need the extra time because of an unanticipated disaster, it will be available. You may not be able to predict exactly what will go wrong, but you can be sure something will.

In addition, when several people are involved in implementing a plan, ask one or more of the best to stand by as "the emergency crew". These should be versatile generalists who can step into the breach when problems emerge. For example, a team member may get sick, busy or for some other reason be unable to complete his or her duties. The emergency crew is the back-up. If no such people are pre-arranged, you may have a last minute scramble. Worse yet, you may end up doing the job yourself - which is bad for you and bad for the organization.

d) Pay careful attention to the start-up and benchmark dates, not just completion deadlines

On the calendar, many people only mark the deadline date for each task. This leads to last minute panic, when someone looks at the schedule on, say, the 30th of the month, and realizes that work that takes many days preparation is due today!

In addition, mark the day work should *begin*. Include enough pad time.

Also decide on "benchmark dates". These allow you to measure progress. If there are problems, these are your "early warning system". If the problems are severe enough, they may enable you to pull the plug on a project before it loses money or causes embarrassment.

For example, many groups do not know that their ticket sales are falling behind until the last moment. Then it is too late to take corrective action. Benchmarks correct that. Let's assume volunteers are supposed to sell 10 tickets each by the 30th. Using a good start-up date, you give all the volunteers their tickets on the 1st. Next you must check in for a progress report. By the 15th, half of the tickets should be sold. Call on or before the 15th. If the volunteers haven't sold any yet, you know there is a problem - act at once. If all are sold, ask if they can sell more.

e) Revise regularly, and keep everyone on the same calendar

All calendars require revisions. New information must be plugged in and changes accommodated. That is normal.

Make sure each lead volunteer has a copy of the current version of the calendar. This could be photocopied on long paper and distributed.

But you must make sure everyone is working from the same edition of the calendar. Mark the revision clearly in one corner. For example, it might say "Fund Raising Planning Calendar Mark IV" or "Version 3.02" or "Updated September 17". You might even print different versions on different colours of paper.

Follow Up Work

The campaign is not over when the last dollar is raised. *Follow-up work* is an essential part of doing the job. But it's too often an after-thought, not properly planned.

Follow-up tasks include

- sending receipts
- thanking donors
- thanking volunteers
- answering complaints
- answering volunteers' questions
- replying to phone calls
- cleaning up
- keeping records
- making bank deposits

KEY FACTORS FOR SCHEDULING

Up to now, we have concentrated on *how* to schedule. Now let's look at some facts to assist you in scheduling *well*.

As with the standard financial guidelines given earlier, there is little objective research available on this. However, some collected impressions are worth sharing.

Special Events

Allow a minimum of six months from the beginning of planning to the date of the event. A full year would be wiser. Of course, some small events can be done faster. Experience can also speed the process. But if you are doing a major event that you have never done before, allow longer.

Direct Mail

It usually takes a minimum of eight weeks to launch a direct mail campaign, from the day the decision is made to the day the package goes into the mail. This allows for creative work, the approval process, preparing the lists, printing, labelling and stuffing.

After the mailing, 90 percent of the income will be in within 12 weeks. About 50 percent will be in by the fourth to sixth week. This is known as "doubling day". It allows you to predict the final results.

New or aggressively expanding direct mail programs take at least a year to show significant *net* income. The early stages are capital intensive, as the organization invests in building a mailing list. It may be as long as three to five years before income fully justifies start-up costs.

Grants

Foundation, corporation and government grants usually take three to six months to process from the date you send your proposal in. A few are faster. There may be further delays of one to three months after approval for the cheque to be issued.

Grants are usually for one year only, and non-renewable. Some may commit to longer terms of three to five years. Sustaining grants that a group can count on as permanent funding are becoming increasingly rare.

Capital Campaigns

A pre-campaign study or feasibility study should be done no more than 6 months before the campaign begins. Otherwise the information becomes dated.

Major donations should be committed before the public phase of the campaign is launched. As a general rule, 30 percent to 50 percent of the total budget should be secure before ground is broken or mass market activities commence. This means the funds are pledged, not in the bank. Pledges from major donors are typically paid over a three to five year period.

A full capital campaign will take 15 to 18 months on the average. Many take much longer.

STEP #2**Creating the Plan****Delegate**

It often seems easier to do the job yourself than to delegate.
Why is it really better to get others involved?

Get More Done

One person can never do as much as many. If you spend your time recruiting 10 volunteers who will do one day of work a week - you'll get twice as much done.

Get It Done Better

Someone else may have more skills than you do. If the people around you do not, recruit people who do. An old business adage is that smart managers surround themselves with people who are smarter.

Get It Done More Calmly

Even people who are not better than you may be able to do the work better, because they can concentrate on it, while you must juggle multiple priorities.

Get It Done Well Enough

All work does not have to be done to perfection. The burger chains may not make the best hamburgers, but they are good enough to suit millions of people. Sometimes quantity and speed *are* more important than quality. A job done adequately, on time, is far better than a job done perfectly, too late.

Get Others Working

Many volunteers report frustration when they offer their services. If they are not given assignments quickly, they assume they are not valued, and transfer their loyalties to other organizations.

Get Other Trained

An organization is more secure if several people know how to complete a task. It may give one person a feeling of power to be the only one who knows how it works - but it is dangerous for the group. Too often, only one person knows how to run the computer, or knows what stores have the coin boxes. Or key facts about major donors are committed to memory, not to paper. If that person gets sick or quits, the group may spend years recovering. The rule is as Canadian business leader E.P. Taylor once said: "Your first task is to make yourself completely dispensable."

Get a Feeling of Accomplishment

If other people are doing what you used to do, you can move on to new heights of achievement. If many people are involved, more will be done. As the leader, you will get credit for all their work.

Should/could you hire (more) fund raising staff? How do you decide?

Income potential justifies it

Revenue Canada requires that a registered charity spend no more than 20 percent of receipted income on fund raising and administration combined. (See the earlier section on finances for more details.)

On that basis, a fund raiser must return five times his or her salary, benefits and expenses. Thus, if you hire someone for \$20,000 a year, he/she must return at least \$100,000 a year - more if there are expenses. Please note salaries for fund raisers are often \$30,000 to \$40,000 - and some top people in major institutions are paid as much as \$100,000 a year.

Does your organization have the ability to raise sufficient funds? Remember - it is not sufficient to assume that the fund raiser will solve that problem.

Finances are available

It takes money to raise money. Hiring a fund raiser without an adequate expenditure budget is a recipe for failure.

Research is required to determine what type of fund raising you want to do, and what that costs. A budget of \$1,000 will not get you launched into large-scale direct mail, but it will be enough to help volunteers personally visit donors who could give large gifts.

The same research is needed to determine what skills the fund raiser will require. There is no point in hiring someone who knows direct mail well if you need a major individual donor campaign (or vice versa).

Volunteer support is available

Fund raising is labour intensive. Are there people available to work with the fund raiser?

Sufficient time is available before the money is needed

Will the fund raiser have time to succeed? Don't hire someone with the expectation that he/she will raise the amount of a salary at once. It usually takes at least six months on the job to get a good sense of the organization. It may take a year or more to substantially increase income.

The board and volunteers won't abdicate responsibility

Hiring a fund raiser is not a substitute for board involvement in fund raising - merely a supplement. Too often, board members, volunteers and other staff react to hiring a fund raiser by loading all the work on his or her shoulders. Then they go back to "the real work" of making policies, spending money or serving the cause. This almost always leads to failure. Expect to work as hard as ever once a staff person is in place - maybe harder. The difference will be that work will be more focused and more productive.

Should/could you retain fund raising consultants?

An organization struggling to find adequate funds, and already over-burdened with other work, may consider hiring a consultant to do the fund raising for them. This can solve problems -- or make them worse.

Good fund raising consultants will help the organization develop greater strengths to continue fund raising after the consultant is gone. They will tell you honestly how much work is expected of you, and what the potential problems will be.

Bad consultants will promise that you will have no risks, and will make you dependent on them for future fund raising.

Fund raising consultants do a wide variety of work. Some are specialists who work exclusively in direct mail, or capital campaigns, or phone campaigns. Others handle many different types of fund raising. Some develop tremendous expertise in narrow specialties, restricting their work to being copy-writers, proposal developers, computer experts, or list brokers.

Some will run the entire campaign for you. Others concentrate on training you to run your own campaigns.

Not all of the advice that follows applies to every type of consultant. Some will apply to all of the above, however, and to other sub-contractors such as printers, too.

When to hire a consultant

- When you don't know what to do.
- When you do know what to do but the board or staff won't listen to you.
- When you know what you want the consultant to do.
- Before the situation becomes desperate. Remember, consultants are not (always) miracle workers in financial emergencies.
- Before plans and printed materials are finalized.

What do you want a consultant to do?

Before you begin shopping around, prepare your criteria so that you can evaluate and compare.

Answer as many of these questions as you can, and add others of your own:

1. What do you see as your main problems/strengths?
2. Do you have existing donors?
 - a) How many people?
 - b) How often do you ask them to give?
 - c) What is their average donation?
 - d) What is the cost per dollar raised?
 - e) Is your list on computer?
3. Have you done fund raising in the past?
 - a) What methods did you use?
 - b) What were the results?
 - c) What are you willing to repeat?
 - d) What restrictions and criteria do you have?
4. What is your target audience?
 - a) How large is it?
 - b) How well do they know your organization?

5. What would you like the consultant to do?
 - a) Help you to raise money?
 - How much?
 - When is it needed?
 - For what purpose?
 - Using what techniques?
 - b) Train volunteers and staff?
 - How many people?
 - When are they needed?
 - In what techniques?
 - c) Develop a fund-raising strategy?
 - Critique existing strategy?
 - Develop new strategy?
 - d) Create materials?
 - Write text?
 - Design materials?
 - Produce artwork or photos?
 - Lay out pages?
 - Critique existing materials?
 - e) Supervise sub-contractors?
 - f) Answer questions?
 - g) Other tasks? _____

6. How much can you spend?
 - a) On consultant's fees?
 - b) On expenses?

7. Do you want the consultant
 - a) For a single campaign?
 - b) As a regular advisor on retainer?

8. If all goes well, will the relationship last
 - a) For a day or less (such as a training session)?
 - b) A few weeks?
 - c) A few months?
 - d) A year?
 - e) Longer?

How do you pick a consultant?

There are very few skilled and experienced fund-raising consultants in Canada.

Beware of companies that offer to work on a commission, or guarantee results. This may sound attractive, but it is unethical. More information on this follows shortly.

Once you have identified several potential consultants, phone or write them and discuss your general criteria.

Here are some ways to narrow down the list.

- Ask if they've worked on any similar problems.
- Ask for any written material they may have on themselves.
- Ask for examples of campaigns they have worked on. What was their role? What were the results?
- Ask for references.
- Ask if they've worked for any organizations similar to yours. Which ones?

Prepare a brief orientation kit to explain what you want. Send it to a short list of consultants. It should contain

- A mission statement
- An annual report
- Brochures on your work
- Samples of any previous fund raising your group has done and details on results
- A list of board members
- The scope of the work you want the consultant to do.

Prepare interview questions that will help you compare the consultants' understanding of how to deal with your most difficult problems.

- Does the consultant understand your special situation?
- Who will be handling the work, a senior consultant or a less-experienced junior?
- On what basis do they charge (percentage, hourly, fixed fee)?
- How much does the consultant charge?

Should you ask consultants for detailed proposals?

By all means do ask for comments on your particular situation. Don't expect a lengthy proposal detailing how the consultant would solve your problem. This can be a great deal of work. Make sure any proposal does reflect your unique situation, and isn't overly standardized.

Don't try to use the selection process and the proposal as a way to get free advice on how to solve your problems without hiring the consultant.

Check the consultant's references

Contact people who might know about the consultant, and ask about his/her faults as well as abilities. Discuss anything that might make your situation special. Contact people such as

- current clients
- previous clients
- your contacts
- The Canadian Centre for Philanthropy.

You need a contract or a letter of agreement

Ask the consultant to develop a contract or a letter of agreement outlining your joint expectations. Be sure this protects you, not just the consultant. Have a lawyer look it over.

Here are some specific suggestions from Stan Melasky, a Toronto fund raiser. Although he is not a lawyer, he has given considerable thought to contracting.

Your agreement should include at least:

- Explanation of who does what, each party's duties and responsibilities.
- The prices for each service to be performed by the consultant.
- A statement of how either party can terminate the contract.

The organization should have the following controls:

- Approval of how your group's name will be used.
- Timetables to be adhered to.
- Prior review and approval of all materials, etc.
- Assurance that all programs meet legal requirements of the country, province, etc.
- Ownership of newly acquired donors (the consultant should not keep the names and addresses, and should not use your list for another client without your permission).
- Provisions to resolve client-firm disputes, if any, perhaps through a pre-selected independent arbitrator.
- Prior knowledge and approval of costs (above a set limit) before work is ordered.
- Definition of all expenses that will be reimbursed.

Should you pay a percentage commission?

No. Commissions for fund raising are prohibited by the Code of Ethics of The Canadian Society of Fund Raising Executives, the professional organization for both staff and consultants. Several similar organizations in the United States have taken the same stand.

Instead, the Code of Ethics suggests you should pay on an hourly basis, or a fixed fee for a specific piece of work.

This is done to protect charities from the handful of illicit "bucket shop" operators who prey on desperate charities unfamiliar with good practice.

Companies of this sort promise to pay all the expenses and take all the risks. In return, the company may receive a percentage of the income as its commission. Sometimes administrative expenses are added, in addition to commissions.

A commission may seem attractive, at first, because it seems to reduce the risk to the charity. If the consultant doesn't raise money, the consultant doesn't get paid.

Perhaps the most important reason against commissions is that many donors become irate at the idea that a consultant will get a percentage of what they might give. Some will refuse to give at all.

Commissions also encourage disreputable consultants to use any technique necessary to get donations during the term of the contract, not to improve the charity's long-term strengths. In a commission structure, there is no payment made to cultivate the donors who may not be able to give much now, but could contribute generously in the future. There is no incentive to train the charity's own personnel in effective fund raising techniques if paid people can be used more cheaply.

Consultants in this situation may only pick organizations that they can exploit for the maximum dollar return. Consultants paid by commission usually avoid organizations that may be more controversial, or have high ethical standards that would limit certain techniques of fund raising.

These consultants may

- pressure you to use techniques you do not consider suitable or necessary, such as asking you to pay for a special event so donors can sponsor disabled children to see the show.

- insist on using expensive techniques (such as computer personalization, fancy printing, or combining mail with a phone call follow-up) that may increase income at a disproportionately high cost. Please note: these techniques are not inherently bad or good - but they must fit the situation.
- offer to share a special list of donors, provided they can add your donors (either new ones or previous donors) to their list for other charities to use. Don't give up control of your donor list that easily.
- try to use your groups' name and reputation indirectly. The hustler may ask a service club or another organization to hire the fund raisers on your behalf, but without your control.

Be cautious with consultants who offer too much. If it seems too good to be true, it probably is.

What a consultant can and can't do

A consultant cannot make policy decisions, or determine strategy. The board must do that, taking the consultant's recommendations into account. Ultimately, the board is responsible for the campaign, and must be able to reject the consultant's advice. The board must have a sense of ownership for any campaign to work.

A consultant can recommend strategies and structures to allow work to be done efficiently.

A consultant cannot tell you the inner workings of other charities' plans or reveal your secrets to others. A consultant can share the lessons gained from intimate knowledge of many different campaigns.

More information on consultants

The following short articles are available in the library of The Canadian Centre for Philanthropy, 1329 Bay Street, 2nd Floor, Toronto, Ontario, M5R 2C4.

Engaging a Fund Raising Consultant
Gordon L. Goldie, Consultant

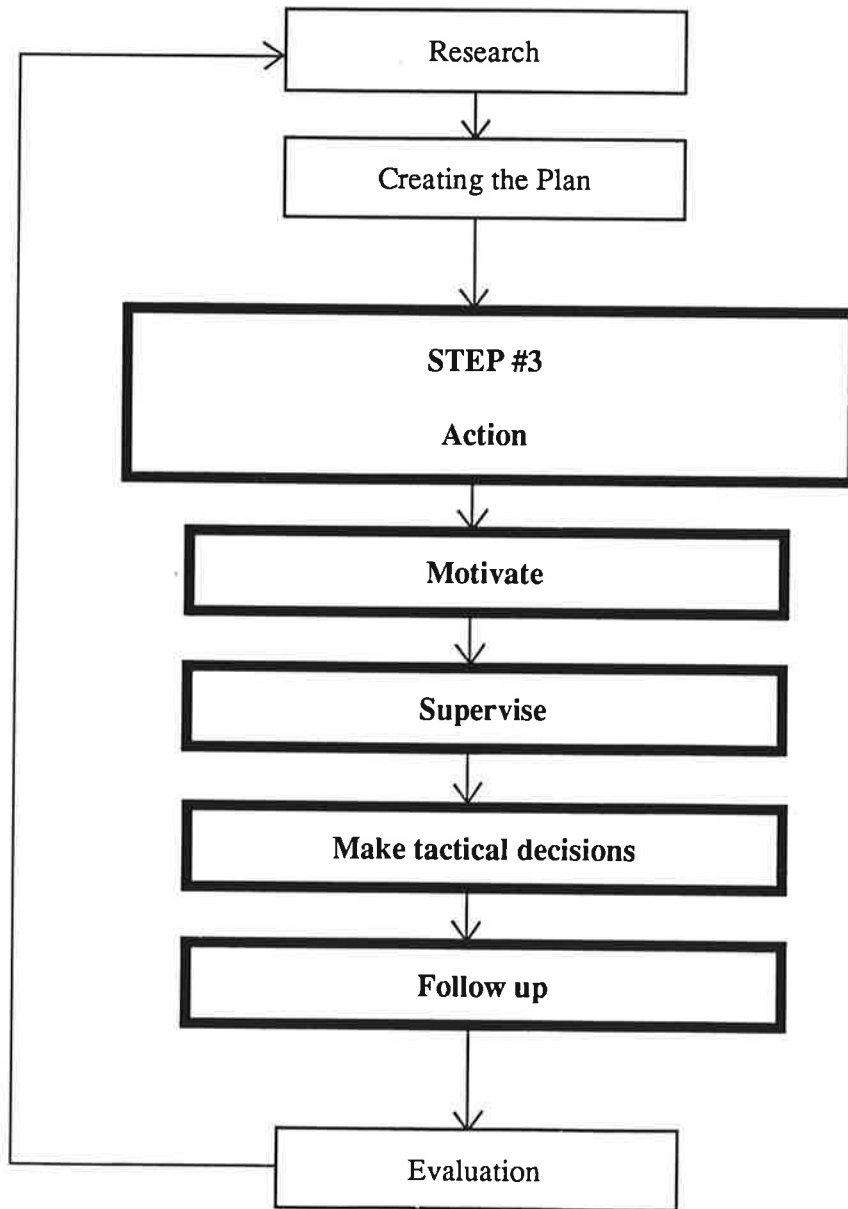
How and Why to Hire a Consultant
Barbara H. Davis

The Role of Professional Fund Raising Consultants
Henry Labatte
YMCA of Metropolitan Toronto

How to Select a Planning Consultant
Ontario Ministry of Citizenship and Culture

Job Descriptions for Fund Raising Positions
A collection from various charities

HOW TO TAKE ACTION



STEP #3**Action**

It is beyond the scope of this book to describe the ACTION stages in detail. Here is a brief summary.

Motivate As a good fund raiser, you know that it is your job to work through others, not to do the work yourself. Volunteers are the lifeblood of fund raising, because they keep costs low, and often provide contacts and knowledge you could never buy. Plan to spend a large portion of your time motivating people. Find out what excites them. Spend time thanking them. Give lots of feed back. Without active attention to motivating people, the plan will be worthless.

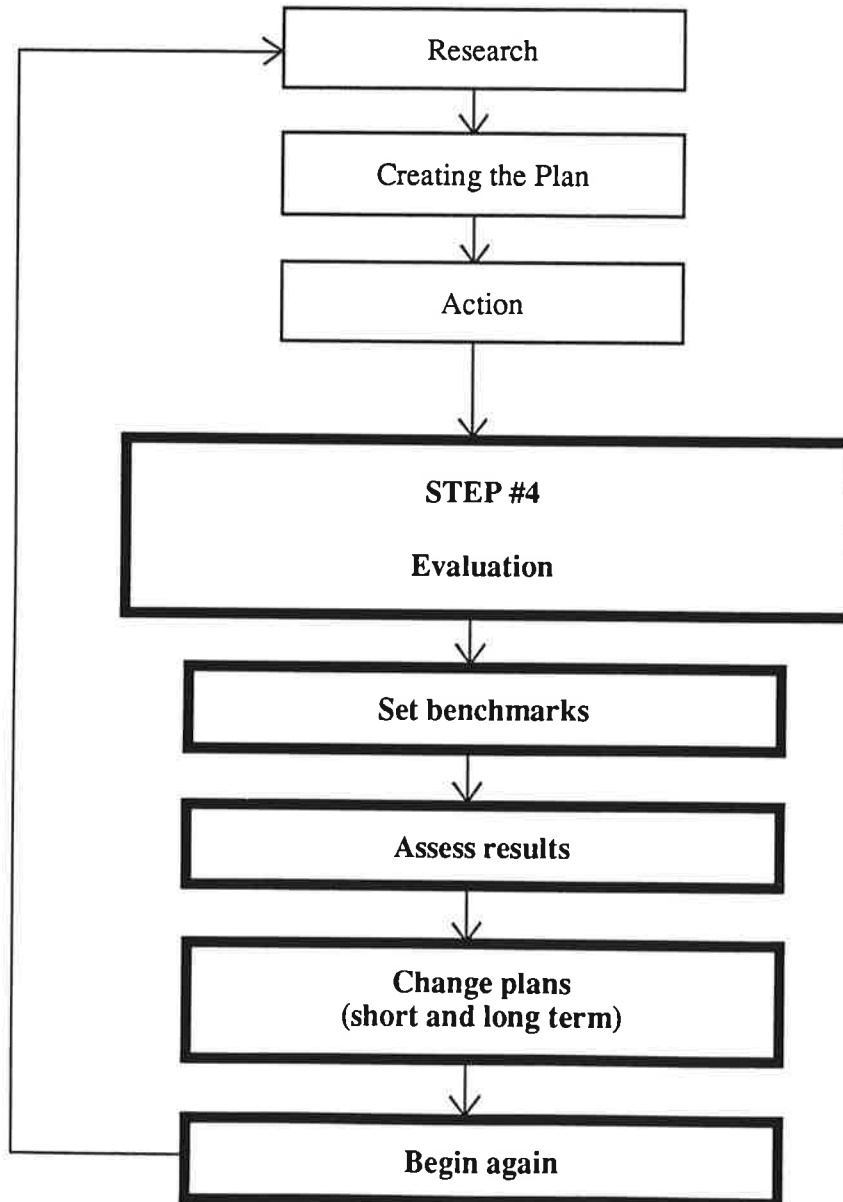
Supervise Are people doing the right job in the right way at the right time? You must supervise, to provide guidance. There is an art to supervising without interfering too much or too little. For planning purposes, make sure there is enough time in everyone's schedule to allow supervisory discussions. It should be built in, not added on at the last minute.

Make Tactical Decisions Every plan must be modified from time to time. Major changes will be required to reflect a changing environment. Minor alterations are needed because no plan can anticipate every problem. Make plans to allow changes in plans. Provide time to review progress, check feed back and make modifications. If you require approval from the organization, build that into the plan, too. Don't attempt to plan all the little details. These tactical decisions should be made as needed.

**In changing times
the only certainty
is
change
itself.**

Follow Up After every action step, follow up is required. This is frequently neglected. Allow time for clean up, record keeping, reporting back and all the other necessities to be completed speedily.

HOW TO EVALUATE



STEP #4**Evaluation**

Evaluation is central to success. Too often, however, it is not done because of time pressures. Worse yet, it is sometimes done in a manner that is useless or damaging. For example, incomplete or subjective data can be misleading. Worst of all, even the best data are wasted if no action is taken.

Why evaluate?

Evaluate to avoid repeating the same mistakes, to decide if a fund raising technique is worth repeating, and to discover ways it could be improved.

The modern version of an old cliché:

To err
is human;

to make the
same mistake
twice
is stupid.

We put a lot of emphasis on evaluation because we believe that good fund raising plans should look for techniques that can be repeated frequently and constantly improved. If the following suggestions on how to evaluate seem exhausting, it is because we believe that the investment is worthwhile in the long term income for the organization. Obviously, if the technique will not be repeated, a simpler evaluation is all that is warranted. Even then, however, it is worth evaluating to extract lessons you can use in other fund raising.

The ancient Greek legend of Sisyphus is very relevant. Sisyphus, the King of Corinth, offended the gods, and was condemned to roll a massive boulder up a steep hill forever. Each day, Sisyphus struggled upwards under his burden. Each night, the boulder rolled down hill again. Sisyphus was a failure at evaluation.

Too often, groups evaluate in an entirely impressionistic way. Phrases like these may sound familiar:

"I think it was okay."

"It seemed like a lot of work for the money."

Good evaluations use more objective criteria.

What should be evaluated?

Evaluations must compare results against the criteria that you established for success. It is frustrating and unfair to use different yardsticks at the beginning and at the end. It is also misleading to ignore any of the criteria, painting a falsely positive picture by selectively omitting certain aspects.

Just to review, here are the 10 criteria mentioned earlier. If you quantified them at the start, you should now be able to evaluate the results scientifically.

1. Does the financial return justify the finances invested?
2. Does the return justify the volunteer and staff time invested?
3. Does the *non*-financial return justify the time *and* money invested?
4. Is there a reasonable return for the risk involved?
5. Does the program fit the organization?
6. Does it reach the right target market(s)?
7. Is there long-term growth potential?
8. Have you considered opportunity cost?
9. Are expectations realistic (as proven by research)?
10. Is there the will to succeed?

Of all of these, there are a few factors that are of paramount importance.

What was the cost per dollar raised?

What was the cost to add each new donor?

What did it cost to retain existing donors?

Can this technique be repeated? Expanded?

For example: If we had twice as many door-to-door canvassers, would we raise twice as much money?

Would economy of scale mean savings for a larger operation, as it usually does with direct mail?

How could it be improved?

How should you evaluate?

Objective Facts

Whenever possible, get objective facts. Compare numbers, not impressions. "It seemed like a lot of work" isn't a helpful analysis. It is much more useful to say, "This method raised \$32 per volunteer hour."

One fund raiser was recently overheard complaining that his door-to-door campaign had only raised \$1,000, while a chapter in another city had produced \$2,200. However, the first group had used 16 volunteers for two hours, while the other city had used 40 for two hours. The first group brought in \$31.25/hour. The second only \$27.50/hour.

Subjective Impressions

People's feelings are important too. However, it is tricky to collect them accurately.

Circulating at an event and asking people if they are having a good time is likely to produce a falsely positive picture. Few people want to insult you to your face. Give them the chance to do it behind your back!

Written comments are almost always more objective. The simplest technique is a mini-survey form, of the sort that many restaurants and hotels now put on customers' tables.

What To Ask

Ask questions that provide useful data. One rule of data gathering is:

"If the answer doesn't help you make a change, don't ask the question."

For example, if you ask people at an event "Did you have a good time?" the answers won't help much. Instead ask questions like these:

Was the food a good value for the money?
Would you like to have more time for dancing?
Would you prefer Rock and Roll or Big Band?
Should the evening start at 7, 8 or 9 p.m.?

The phrasing of a question is also a sensitive issue. Pollsters have found that subtle differences in the wording of a question can dramatically change responses.

Make it easy for people to give you quick reactions. Offer boxes they can check for yes or no. Rating scales are good for comparative questions, but avoid numbered scales - some people always get confused and think one is high when it's low, or vice versa. Instead, offer VG, G, F, B, VB.

Always ask people for their suggestions on how it could be improved.

For more on this subject, see *The Guide to Special Events* by Ken Wyman, which is available free from the Secretary of State.

Differences in Evaluating Different Methods

The survey outlined above is ideal for special events. Obviously, it is less useful in asking the grant officer of a foundation or a corporation why they chose not to fund you.

Major donors seldom respond well to questionnaires in the mail. They may be willing to share candid comments in a telephone conversation - but they, too, are often uncomfortable being critical to a person who obviously has a deep passion for the cause.

Interviews

In these circumstances, it may be useful to hire a consultant to do interviews. A consultant can often draw out clear answers you could not elicit, for several reasons.

First, since the consultant is a neutral third party, the donor will be less concerned about sharing a critique. The consultant is not likely to respond argumentatively to points raised - where an impassioned advocate might.

The consultant can also offer confidentiality. The substance of the remarks will be reported to the charity, but not the identity of the critic.

The consultant should also have good interviewing skills, and years of experience at drawing forth this kind of information.

Direct Results From Tests

When evaluating the effect of mass market techniques, such as direct mail and telephone campaigns, the results are best measured directly from results. There is no need to spend large sums asking donors how they might respond if a letter like this were sent to them. Letters can actually be sent to a small sample. Wording, lists, designs, and a host of other factors can be accurately tested in a real life situation. For more on testing, see *Everything You Need to Know To Get Started In Direct Mail Fund Raising*.

Focus Groups and Other Tests

There are a wide range of other highly complicated methods. They are beyond the scope of this work. You may wish to read *Focus Groups: A Guide for Marketing and Advertising Professional* by Jane Farley Templeton, Probus Publishing Company, Chicago, 1987.

Who should do the evaluations?

The evaluation team should be larger than most people think. Evaluation by a single person can become dangerously subjective - especially on the non-quantified criteria.

Here is a list of possible team members. Ideally, most of the people involved in evaluating will also have been involved in planning.

Not all these people need to sit around a table and evaluate together. You may find it most useful to gather information from some separately. All of these people will have insights for you, however.

The people actually involved in doing the fund raising

Direct personal experience is vitally important.

The people who planned the fund raising first

They may have a clear sense of what the goals were. They may also be the ones who will do the planning next, so the organization will benefit most from what they learn in the evaluations.

Board members (in case they aren't included above)

They should have some insight into overall effectiveness of the plan.

Fund Raising staff (in case they aren't included above)

They should have expertise to guide the evaluation process. They will also need the information gleaned.

Other non-fund raising staff, particularly program staff such as case workers (in case they aren't included above)

They may need to be educated on the fund raising process. They may also bring a fresh perspective into the evaluation, while still being insiders.

Donors

What did the people who actually gave the money think of it all?

A word of caution, however. Don't be overly sensitive to personal opinion. In direct mail, for example, most people will tell you they prefer short letters - yet tests show that long letters raise more money. Always balance what people *say* they will do against what they *actually* do.

Don't be overly flattered by praise. What people say to your face may not be what they really mean. People may say "It was a lovely party. What fun!" Does that mean they will attend again next year?

Non-Donors

What went through the minds of the people who decided *not* to give or get involved? What made them turn you down? Is there anything you could have done differently that would have persuaded them to give?

Former Donors

Why do some people stop supporting you? Did you drive them away? Could you have kept them longer? Are they now giving to another similar group, a "competitor"?

Other Fund Raisers

Professional fund raisers from other organizations may have useful insights in evaluating your work. Consultants will charge for this service, but a colleague

from another organization may be willing to do it free. Others may relish the chance to freshen their own ideas in comparison. They may or may not want you, in turn, to help evaluate their work.

Where can you find someone? In many communities, the United Way can arrange to find a volunteer for you. You may wish to choose someone from a charity that in no way competes with you, so you can feel free to talk. If you are part of a larger organization, perhaps a fund raiser from another chapter could help in this way.

Professional Planners and Evaluators

Some people make their living out of the fine art of planning and evaluating. While you may or may not be willing to pay for their services, you may be able to get them free. Check with some of these sources to see if you can find a volunteer, or get an in-kind donation of someone's service during work hours.

- A local university or college may teach these subjects, particularly if there is a faculty of administrative studies, business or marketing.
- Local government offices may employ such people in the city planning department, ministry of health or other divisions.
- Large non-profits may have staff planners. Hospitals in particular make use of these skills often.
- Large businesses may also have planners on staff. Insurance companies, engineers and architects often learn to master these skills.

Recipients of Services/Clients/Members/Patients

Whatever you call the people you help, you might be wise to ask their advice in evaluating your fund raising. They may have useful insights. They may also prevent embarrassing blunders. Disabled people, for example, have been very critical of agencies set up to help them if the fund raising projects them as helpless or objects of pity. Including representatives in planning and evaluation could have prevented public protests.

When should evaluation sessions be held?

There are several times when evaluations should be done.

During the fund raising

Don't wait for the fund raising to end to do your evaluations. You can gather useful data as work progresses. You may also be able to make immediate improvements.

Immediately after the fund raising

Subjective comments should be collected while impressions are fresh. At an event, ask donors before they leave. Ask a few key volunteers to sit down and share their reactions before they go home.

In the week(s) after the fund raising

Subjective comments, surveys and interviews can be done after the event is over. Volunteers and donors alike may have useful comments as a sober second thought.

After the record-keeping is complete

Once you've added up all the income and expenses, counted the responses and done every likely statistical analysis, meet to discuss these. You may also gather personal reflections at that time as a last impression.

Fundamentally, evaluations should be done while there is still time to make changes for next time.

What records should be kept for future campaigning?

Record everything that will make next time better or easier. Save nothing that won't.

Keep thorough written records. Don't ever allow anyone to say "I'll remember that" - not even yourself. Write it down. People who use computers have learned the hard way to back up magnetic memories before disks crash. Do the same for your brain.

Memories that seem unforgettable often aren't. People who expect to be involved next time aren't. You may change jobs, move or get sick.

At the same time, too much paper can hide important facts. Don't store away every document in unorganized heaps or boxes. People won't have time later to sort through it.

Make a master manual - preferably in a binder. This should be a how-to book, so you don't ever have to reinvent this particular wheel.

Include one copy of every form you create, or materials printed. Divide it into sections for personnel, budgets, actions, schedules, and so on. Start this when the plan is made at the beginning, and maintain it as you go - not just at the end.

Note the three most important changes you would make next time.

Note three things you would keep the same next time.

You may also need to keep some confidential records. This is especially important in honestly evaluating the people who were involved. This year, for example, Mrs. X was head of ticket sales. She drove everyone crazy, and botched it all up. You swear you'll never work with her again. Next year, you've moved on, and the volunteers she alienated have left. All anyone can remember was that Mrs. X was in charge. Unless there is a document warning your successor, Mrs. X may be put in charge again.

HomeworkFund Raising Evaluation

Fill out a form like this for *each* fund raising activity you do. Some questions may not apply to every type of fund raising. This is in addition to a summary that would show actual dollars and time invested and returned, specific recommendations, and so on.

Fund Raising Project _____

Date _____

Evaluation by (name) _____

CRITERIA	YES	NO	NEEDS WORK
Did it make money - net?			
Did it <u>net enough</u> money to meet our target for Return on Financial Investment? (cost/dollar raised)			
Did it meet our target for Return on Volunteer and Staff Time Investment?			
Was it measurably good PR?			
Was the PR worth the time and money?			
Did it bring in new supporters?			
Was the cost per new supporter reasonable, compared to other methods?			
Was it consistent with our principles and mission?			
Did it improve relations with important funders or retain donors?			
Did the funders say so, or is that just our subjective opinion?			
Was an evaluation done that suggested improvements for the future?			
Should the technique be used again?			
Will repetition improve net results?			
Other			

THE PLANNING YEAR

Some organizations operate well into their new fiscal year before the new plan is approved. Some never get a decent plan together. The trick is to plan for planning. It can be jostled off the daily work sheet by less important tasks.

Here are the questions to help plan for planning.

- What work has to be done to develop the plan?
- When do these tasks have to be done if the plan is to be ready on time for board approval?
- Month by month, what are the stages, long before the new fiscal year?

Let's walk through these in more detail.

How to Plan

STEP #1: Identifying the Tasks

Brainstorm all the tasks that have to be done to get a plan designed from start to finish.

It would not be possible to list all the items here. They vary from group to group. Here are some samples as they might appear on your calendar. These are not in final order, nor is the list complete. Items include:

- Developing the criteria for who should be on the strategy/planning committee
- Creating a strategy/planning committee
- Sorting out the timing for optimum input (e.g., When do copies have to be circulated to the board? When returned? Who else has to see them?)
- Determining the critical path for the planning process
- Evaluation of previous efforts
- Overall goals decided/reconsidered
- Research started on planning questions
- Planning parameters for next year decided (e.g., cutback 10% in expenses, increase revenue 20%, plan for 50th Anniversary, expect roof to need repairs)
- Departments/individuals given guidelines to prepare their budgets
- Departments/individuals submit budgets
- Audit started
- Audit finished
- Research finished
- Developing the format for presentation
- First draft plan
- Consultations, revisions, approvals

STEP #2: Calendarize

Assuming your fiscal year starts May 1st, put all the tasks you listed on the last page into the appropriate months (and in the right order, if there is more than one per month). Your goal is to get your plan approved before the new fiscal year starts. If your fiscal year is different, feel free to change the layout of the page.

Do this once for your overall planning cycle, the process of getting the master plan approved. Do it again for each element of the fund raising plan (for example, the Christmas direct mail campaign will have a very different schedule than the Mothers' Day Dance).

Before you begin, block off holidays and down-time, so you know what is and isn't available.

Use all the calendarizing tricks shared earlier in the section on scheduling.

MAY

JUNE

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

JANUARY

FEBRUARY

MARCH

APRIL

TIPS ON PLANNING FOR PLANNING

- It's a year round process.
- I have to leave extra time for stages I'd forgotten.
- It works best with reverse calendarization - if I start in April and work backwards, it's easier to meet the ultimate deadline than if I try to schedule the first step first.
- April may be too late to have the plans approved if I'm going to take any action in May.

The Rule of One**Plan
to
Do Some Planning**

How can you make the most of the information in this book? You can't do it all at once. So choose just one....

1. *One change* that will make a difference, and make the rest possible.

That one change will be...

2. *One day* per month when you will do nothing but planning and evaluation.

That one day per month will be...

3. *One activity you can stop doing.* You're probably too busy to do good planning and implementation. Choose one time-consuming task you now do that you can delegate or eliminate, so you can free up time for more important work.

If I am going to free-up time for important tasks, I can stop doing...

4. *One person who will help you.* Someone who can support changes within the organization, and be a strong ally. How will you get her/him involved?

That one helpful person is...

Here's what I'll do to enlist his/her help...

5. *One person who might get in the way.* Someone who might make it harder (on purpose or not). Someone you can turn around. [You may wish to keep this page confidential, if you will be circulating the workbook among colleagues.]

That one blocking person is...

Here's what I'll do to make him/her helpful (or at least neutral) instead...

How to Neutralize Blocking People - Or Win Their Support

Here are some suggestions on how to make blocking people neutral or helpful. These are not in order of priority.

- Explain that the goal is not a matter of personal wants, but for the overall good of the organization. Ask them to put aside differences for the greater good.
- If they are blocking by taking on work and then not doing it, ask them, sympathetically, if they do have time to follow through. If no, reassign the tasks. If they say yes, ask if mutually agreeable deadlines for progress can be set, recognizing that the work must be done or it will hold up the organization's progress.
- If the work is done on time, problem solved. If not, explain that, with all due respect, it must be given to someone else, because the work must be done on time for the greater good.

- Praise and flatter them.
- If they are blocking approval, negotiate. Offer to support them on some other issue they consider important if they support you on this.
- Emphasize the importance of the responsibility. Try to avoid laying down guilt.
- Get a mutual friend to speak to the blocker.
- If the fit is wrong, find out what interests them, and try to switch them onto that. This may be another activity, or another part of your organization. It may be a different organization.
- Speak to them, and do it in a non-threatening atmosphere - like a restaurant, not your office.
- Delegate other work to them that they may prefer.
- Delegate so much work to them that they quit.

ABOVE ALL - Avoid making enemies. As one workshop participant said: "My dear old grandmother used to say, It's better to have someone inside the tent pissing out than outside pissing in."

Appendices

Appendix I What Are Your Plans?

Homework

Too often, people plan by deciding what they'll do in the next few months, then doing more of the same. It's much healthier to think about the future, then work backwards. try this exercise.

In the year 2000 (rapidly approaching),

will the issues you deal with be

- more important
- as important as today
- less important?

To deal with these issues, should your organization be

- much bigger
- slightly bigger
- about the same size
- slightly smaller
- much smaller
- out of existence?

What major changes can you foresee in your projects?

We'll need to do more of...

We may do less of...

In order to achieve your 10 year goals, what must you do in the next five years?

In order to achieve your five year goals, what must you do in the next three years?

In order to achieve your three year goals, what must you do in the next year?

In order to achieve your one-year goal, what must you do in the next six months?

Appendix II Public Goodwill Toward Your Organization

Homework

Good PR is part of a fund raising plan - the better known the issue and the group, the more successful the campaign.

1. Is the public aware of the need you serve?	<input type="checkbox"/> very	<input type="checkbox"/> partially	<input type="checkbox"/> not very
2. Would the public consider your mission important?	<input type="checkbox"/> very	<input type="checkbox"/> partially	<input type="checkbox"/> not very
3. Is the public aware of your group by name?	<input type="checkbox"/> very	<input type="checkbox"/> partially	<input type="checkbox"/> not very
4. Is your target audience aware of the need you serve?	<input type="checkbox"/> very	<input type="checkbox"/> partially	<input type="checkbox"/> not very
5. Would your target audience consider your mission important?	<input type="checkbox"/> very	<input type="checkbox"/> partially	<input type="checkbox"/> not very
6. Is your target audience aware of your group by name?	<input type="checkbox"/> very	<input type="checkbox"/> partially	<input type="checkbox"/> not very
7. Does the media cover stories related to your cause/issue?	<input type="checkbox"/> often	<input type="checkbox"/> sometimes	<input type="checkbox"/> seldom
8. Is any media coverage you do get on the cause (not the group) usually	<input type="checkbox"/> good?	<input type="checkbox"/> neutral?	<input type="checkbox"/> bad?
9. Do media stories mention your organization by name?	<input type="checkbox"/> often	<input type="checkbox"/> sometimes	<input type="checkbox"/> seldom
10. Is the media coverage you get on your group usually	<input type="checkbox"/> good?	<input type="checkbox"/> neutral?	<input type="checkbox"/> bad?

11. a) The last time you had a public scandal/split/
embarrassing situation in your organization was
in the last year one to three years ago
three to five years ago more than five years ago
never several in the last five years
there's one about to erupt now.
- b) The community awareness of the problem was
very low moderate very high.
- c) The community reaction to the problem was
good - support increased by _____ %
neutral - support was unchanged
bad - support decreased by _____ %.

Appendix III Who Has and Hasn't Given - and Why?

Homework

Fill in your donor data charts.

GIFT RANGE	# OF DONORS	GROSS INCOME	EXPENSES OF FUND RAISING	NET INCOME
under \$5				
\$ 5 - 24.99				
\$ 25 - 49.99				
\$ 50 - 99.99				
\$ 100 - 499.99				
\$ 500 - 999.99				
\$1,000 and up				

GIFT RANGE	# OF GROSS INCOME	% OF NET INCOME	COST PER \$ NET RAISED
under \$5			
\$ 5 - 24.99			
\$ 25 - 49.99			
\$ 50 - 99.99			
\$ 100 - 499.99			
\$ 500 - 999.99			
\$1,000 and up			

<p>Appendix IV Donor Records</p>
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It's vital to have good, easily accessible records of your past donors so you can plan the future. This includes individuals, companies, foundations and government - all donors.

Homework

1. We have previous individual donors totalling # _____ .
2. We have the names and addresses of the previous donors (individual and institutional) who gave in
 - the last year
 - the last two years
 - the last three years
 - longer [this is best].
3. We have phone numbers for previous donors. yes no
4. We have records of the amount each donor gave
(If records are limited to a set number)
 - for the last gift only
 - the last gift and total of previous gifts
 - the last two to three gifts
 - more than four gifts, but not all
 - each previous gift, no matter how many [best].

(If records are limited to a set calendar period)

 - gifts in the last year only
 - gifts in the last year only and total of older
 - up to two years ago
 - more than two years ago [best].
5. We know what campaign sparked each past gift. yes no
6. We have Alumni/users/clients/patients' names/addresses totalling # _____ .
7. For each institutional grantor approached (e.g., government departments, foundations and corporations), we know
 - A. when they were asked Yes No
 - B. how they were approached Yes No
 - C. which ones responded by
giving saying "no" saying "try again"

<p>Appendix V Fund Raising History Comparison</p>
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Homework

Not all fund raising methods produce the same results, or cost the same. Examine your history for patterns to repeat - or avoid!

Type of Giver	Solicitation Method Used	Gross Income	Cost of Solicitation	Net Income
Individual Small Medium Major				
Corporate Small Major				
Foundation				
Government Federal Provincial Municipal				
Other				

Conclusions

Based on this analysis, we need to...

Appendix VI Internal Attitudes to Fund Raising

Homework

Attitude	Always	Sometimes	Rarely
Our group is willing to take risks to raise money.	[]	[]	[]
Fund raising items on the board agenda get left to the last.	[]	[]	[]
Board members are willing to give their time	[]	[]	[]
give their money	[]	[]	[]
ask for money.	[]	[]	[]
The board might raise ethical objections to accepting contributions from some donors (such as tobacco or alcohol companies, investors in South Africa, etc.).	[]	[]	[]
The board might raise ethical objections to some methods of fund raising (such as gambling, serving alcohol, hard sell techniques).	[]	[]	[]
The board might raise objections to asking for donations from some people (such as users of our service).	[]	[]	[]
List other attitudes that could affect fund raising.			

<p style="text-align: center;">Appendix VII Available Finances</p>
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Homework

You usually have to spend money to raise money.

What is your base of "available investment capital"?

Present SituationCASH:

Right now, we have \$ _____ in the bank that we could invest in fund raising.

LOANS:

We could borrow \$ _____

for _____ months

at _____% interest.

CASH FLOW:

We usually have the most cash available in _____ (month or season).

We usually need the most cash to spend in _____ (month or season).

We expect to have more cash by _____ (e.g., when the grant arrives).

We have regularly monthly income of \$ _____
(from fees, earnings, monthly donation plans, interest, etc.).

<p>Appendix VIII Financial Objectives</p>

Setting financial objectives requires that you have clear project plans. Each project must be well thought out to determine how much money is needed when.

Homework

Briefly describe projects that donors may want to fund. List no more than 10. You can use the form at the bottom of this page.

INSTRUCTIONS

1. Show how much each project costs - this could be a dollar range. The amount should include overhead, administration and fund raising costs.
2. Decide when the money is needed - this could spread out over the life of the project, with dollars shown as required for cash flow.

Project Description	Cost	Dates Money Needed

<p style="text-align: center;">Appendix IX Urgent Needs and Cash Flow</p>

Homework

Emergencies require different strategies from long-term fund raising plans. Some emergencies are predictable. If you need money desperately, or expect to, do this homework.

Many organizations set a fixed date by which all the income must be in. But frequently, not all the money is needed at once. Be sure your short term goals are not higher than they need to be.

How much money do you really need when?

Urgently:

\$ _____ by _____ (date)

or the consequences are _____.

Soon:

We could get by with \$ _____ by _____ (date/s)

provided we got \$ _____ by _____ (date/s).

Long term:

We'd like income of \$ _____ by _____.

**Appendix X
In-Kind Donations and Wish List**

Many business donors find it easier to give goods or services than cash. Others just prefer to know what their money will be spent on, concretely.

List any in-kind gifts you could use instead of cash (such as computer, van, microwave oven, costumes, printing, accountant's time, advertising copy writer, and so on.) Confine yourself to items in your budget - dream a little, don't make full fantasies.

Item/Service	Market Value

Appendix XI
Cost Effectiveness

The man who fails
because he aims astray
- or because he doesn't aim at all -
is to be found everywhere.

Frank Swinnerton
Tokefield Papers

How do you work out cost effectiveness?

EXPENSES

What will it cost to achieve your projects?

- Bare bones \$ _____
- Realistic \$ _____
- Ideal \$ _____

INCOME

What can you reasonably expect to raise?

- Worst case \$ _____
- Realistic \$ _____
- Ideal \$ _____

<p style="text-align: center;">Appendix XII Book Ordering Information</p>

Free Fund Raising Books
By Ken Wyman

Guide to Special Events Fund Raising
and
Everything You Need to Know to Get Started in Direct Mail Fund Raising

can be obtained from:

Sandra Griffith
Voluntary Action Program
Secretary of State of Canada
15 Eddy Street, 5th Floor, Room 5D20
Ottawa, Ontario K1A 0M5
(819) 994-2255

The GuideBook to Fund Raising for Disabled Persons' Groups

can be obtained from:

Louise Denoyer
Disable Persons' Participation Programme
Secretary of State of Canada
25 Eddy S. Room 13A5
Ottawa, Ontario K1A 0M5
(819) 953-2680

