

Ten Practical Steps for Annual Fund Success – Part One

Shawn D. Ingram and Linda Lipscomb, Vice Presidents

For many nonprofit arts and culture organizations, summer marks the start of the fiscal year, providing an opportunity to explore the answers to three of the most commonly asked fundraising questions:

- How do we increase contributed revenue from our current donors?
- How do we attract new donors?
- What cultivation and stewardship tools should we use to deepen relationships with our current donors?

As part of any assessment of contributed revenue strategies, an evaluation of the annual fund is a crucial benchmark of an organization's fiscal health. According to the [National Philanthropic Trust](#), individuals are the largest source of philanthropic giving each year. In 2017 individuals accounted for 70 percent of all philanthropic giving and provided \$286 billion in support for United States nonprofits. A survey conducted by [Guidestar](#) noted that more than 50 percent of the organizations surveyed received the majority of their contributions between October and December.¹ Given the importance of these months, having a plan for the end of the calendar year can help an organization meet and exceed its contributed revenue goals. This also helps set the stage for the sprint that often accompanies the close of the fiscal year.

This two-part edition of *Arts Insights* provides a list of ten practical steps for year-end annual fund success, whether your fiscal year end is in the summer or at the end of the calendar year. These tips are derived from years of identifying fundraising challenges faced by arts and culture organizations and the solutions that helped them overcome those challenges, often focused on individual giving strategies. To build success into your annual fund, taking advantage of the leadup to calendar year-end fundraising initiatives, first consider the following five ideas.

Step 1: Create a Collaborative Development Plan

A number of smart, strategic, and savvy fundraising professionals have brilliant development plans trapped in their minds, with every intention of writing the plan down “as soon as...” Sound familiar? Make the commitment to write down these plans and share them with the development staff at the start of the new fiscal year—whether that is July or January. Ideally, the plan should be written for the entire fiscal year ahead. However, for organizations whose fiscal year ends during the summer, the plan should be written, at the very least, through January—not December. Many fundraising professionals are so exhausted from end-of-year activities that they cannot effectively make use of the often-quieter time at the start of the calendar year.

Development department heads should not do this exercise alone! Not only is this plan a roadmap to financial success, it is an important opportunity to build the development staff's professional competence and investment in fundraising efforts. Therefore, it is critical to involve the entire department. As a team, members of the development staff can identify deadlines within their respective areas by focusing on deliverables: When is the direct mail copy due? What stewardship efforts are to be made in the next six months? What is the plan to submit sponsorship requests in September and October when most corporations finalize their budgets? Is the VIP donor lounge scheduled on the opening night of a partner arts organization?

Depending on the development staff's level of experience, project management software can be used for the following exercise. However, if planning together is a new experience for the team, try creating a visual review of the year. Line a meeting space's walls with an enlarged calendar (one page per month) and have everyone fill in their deadlines. Color code the various annual fund buckets and use sticky notes for key dates. This visual representation can quickly identify bottlenecks and conflicts so the team can reschedule dates beforehand rather than in the midst of the busy season. Assign the most detail-oriented colleague the task of entering these dates into a shared calendar or database, including deadlines, assignments, and reminders.

¹ *The Effect of the Economy On the Nonprofit Sector: An October 2012 Survey*, Guidestar, 2012.

PRO TIP: It is always helpful to plan for the next fiscal year in tandem with the preparation of the organizational budget. That way, when the development staff is suddenly assigned to take on an unexpected revenue gap, there is an opportunity to build a plan over an entire year to fill the gap.

PRO TIP 2: Do not forget about the Board Chair and Development Committee Chair. While they may not be part of the initial planning exercise, walking them through the process and sharing a first draft with them will help build their understanding and support of the final plan. It also allows the development staff to demonstrate their knowledge while building trust and rapport with board members.

Step 2: Fine Tune the Timing of Your Appeals

An important part of this strategy is examining the timing of fundraising appeals. By adjusting the timing, development leaders can set their arts and culture organization apart from others that typically drop their direct mail in November. For example, a regional theater company recently created a September back to school themed direct mail campaign, focusing on its education program. The campaign achieved a nearly 3 percent direct mail response rate, in contrast to the industry direct mail standard of 1 to 1.5 percent. Rather than sending the traditional end-of-year appeal, where it could easily get lost in a crowded market, more people not only opened the letter but also became educated about the organization's school outreach program. This appeal also had the additional benefit of effectively segmenting the client's database by identifying donors with an interest in education.

PRO TIP: When using this strategy, consider hosting a January reception with the Education Director to build relationships and thank donors who responded to a December year-end appeal.

Step 3: Leverage Your Board More Effectively

Development leaders should spread the work across the organization by asking the board to support stewardship efforts and build their fundraising expertise. Like many arts and culture nonprofits, the board often has a strong connection to the organization's mission but may not feel connected to or comfortable with fundraising. Schedule a board member event to write notes and make thank you calls. Or, have them conduct in-person visits with the major donors and prospects for whom you have asks planned toward the end of the fiscal year. To build connections, board member conversations with donors should be personal and focus on why the organization's mission is meaningful to them. Afterwards, board members should report valuable information back to the development staff.

Utilizing board members to thank donors for their investment in the organization is different from having them ask for money. While many board members shy away from donor solicitation, thank you calls and visits are invaluable tools for learning more about donors—and a crucial part of cultivation and stewardship. Helping the board understand the importance of these touchpoints (and their role in positioning the donor for the next gift) can build board member confidence in face-to-face engagement with donors, making them more comfortable in taking the next step—soliciting donors.

Step 4: Conduct Targeted Prospect Research

Targeted prospect research can identify, among other things, the affinity for the organization and the financial capacity often hidden within the existing audience and patron base. Development professionals can narrow the field and focus their time and energy on high-capacity and high-affinity prospects. Organizations that have conducted a technologically-driven prospect identification process have found that both major donors and donors with a history of lower level giving often have greater financial capacity to give than originally believed, allowing development teams to devise a strategy for increased giving. For more information, the December 2016 *Arts Insights* article, [Be Ready for the Next Big Thing! Fundraising Strategies to Implement Now](#), explored the powerful impact and value of wealth screening.

For example, using donor research and planning, a classical theater identified 187 existing donors who had very high financial capacity. Of these prospects, 88 percent of the donors (164 households) were unknown to the development staff despite having had a recent giving history. The screening data redirected the organization's cultivation efforts and incorporated an entirely new set of donor prospects into its major donor program.

Step 5: Take Advantage of Opportunities

Similar to the regional theater organization's back to school campaign, development teams should take advantage of other opportunities. While not all arts and culture organizations have found success in Giving Tuesday, participating in a national effort like this can help deliver a message and give the board a tool to use within their

network. Even if it may not add significantly to the overall fundraising effort, challenge the board to establish a match associated with the opportunity. Promote this opportunity to lapsed or lower level annual fund donors. Or, make it a participation campaign by creating a participation goal of 100 percent by a particular group of individuals—regardless of the levels of donations.

PRO TIP: Use an opportunity like Giving Tuesday for staff development and mentorship. By matching an opportunity with a staff member who shows promise, development leaders can mentor them through the process to ensure success. This will build development staff experience and help team members create their own accomplishments.

Conclusion

These planning recommendations are designed to inspire your thinking and help development leaders plan ahead. Pick a few of these suggestions that work for your organization or one ambitious recommendation, filing the rest for the future. Stay tuned for the second part of this series, which will explore the remaining five practical steps for year-end annual fund success and will propel your efforts into the next year!



Shawn D. Ingram, Vice President

Mr. Ingram is a human capital and revenue enhancement expert with more than 25 years of professional experience in nonprofit fundraising and management in the arts and social services. Joining the Los Angeles office in 2016, Mr. Ingram leads the firm's Contributed Revenue Enhancement practice, where he supports a comprehensive national roster of ACG clients with strategic management and fundraising solutions. Mr. Ingram has served as Interim Director of Development at Laguna Playhouse, Interim Vice President of Development for Para Los Niños, and provided similar services for The Unusual Suspects Theatre Company. He supported New Roads School's early stages of a \$20 million capital campaign and the American Youth Symphony in enhancing their major gifts program. Mr. Ingram has also held positions as Executive Director at My Friend's Place, Director of Corporate and Foundation Development at La Jolla Playhouse, and Director of Development at the San Diego LGBT Community Center,

Equality California, and The Trevor Project. Mr. Ingram began his career in fundraising at Harvard University, working several years at the American Repertory Theater. Mr. Ingram has performed extensively across the country as a professional singer and dancer and holds a bachelor of science in communication from Boston University.



Linda Lipscomb, Vice President

Ms. Lipscomb joined ACG in 2016, bringing nearly 30 years of experience in fundraising, marketing, and sales to her consulting and interim management work for the firm. She has expertise in facilitating major capital campaigns, maximizing annual funds and major gift programs, conducting feasibility studies, and performing interim management services. Ms. Lipscomb has served in interim management roles, leading the development departments at Dallas Symphony Orchestra, Fort Worth Opera, and Fort Worth Symphony. As Interim Vice President of Development at Dallas Symphony Orchestra, she successfully reversed several years of annual fund declines, increasing those efforts to meet targeted fundraising goals. At Dallas Museum of Art, she led the final phase of the museum's \$185 million endowment and operating campaign. As Deputy Director of Advancement for Virginia Museum of Fine Arts, Ms. Lipscomb increased annual fundraising by nearly 50 percent and expanded the base of donors

following a capital expansion. In these positions, she successfully tackled the challenges faced by nonprofit organizations seeking to improve contributed revenue, build systems and processes, expand major gifts, and mentor fundraising staff. Ms. Lipscomb holds a bachelor of arts in history of art from Sweet Briar College in Virginia and a master of business administration in finance and marketing from Southern Methodist University in Dallas.

**Contact ACG for more information on how we can help your organization
create fundraising solutions and achieve annual fund success.**

(888) 234.4236

info@ArtsConsulting.com

ArtsConsulting.com