

Are You Ready to Launch a Major Fundraising Campaign?

Susan E. Totten, Senior Vice President

Arts and culture organizations increasingly look towards large-scale fundraising campaigns as a way to achieve their visions while stabilizing their financial models. However, careful planning and preparation is needed in developing and managing such an effort. Arts and culture organizations must state their needs in a compelling case statement, invest in internal and external resources, and succinctly articulate a clear vision for the future with positive impacts for the broader community. At the same time, stakeholders need to be engaged throughout the capital campaign process to ensure their commitment to its success. With this in mind, how does an arts and culture organization know it is ready for such an undertaking?

This issue of *Arts Insights*, the second in a two-part series, explores how board and senior management leaders can objectively determine if this is the right time for their organization to launch a large-scale fundraising campaign effort. This article also examines the necessary steps in the preparation and planning phases that are key to a successful major fundraising campaign.

The Need for Financial Health

The key to a successful campaign starts in its preparation and planning prior to launch. According to organizational consultant Kay Sprinkel Grace, CFRE, “The concern about ‘capitalizing’ the nonprofit sector is very real. Fundraising trends suggest that organizations need to build endowment, raise operating reserve funds, and own their own buildings if they are to remain vital cultural providers in their communities. By capitalizing nonprofits—providing the base of endowed and annual funds that allow the organization to provide excellent programming without deficit financing—boards can prevent the year-to-year funding crises that befall many nonprofit organizations. These crises are often well publicized and pose a threat to the community’s perception of the stability of the organization and of the programs offered. Capitalizations increases donor confidence and invites greater investment.”¹

Articulate a Clear Case for Support

To articulate a clear case for support, arts and culture organizations must examine their future goals and how they benefit their constituencies and the greater community. Having a living strategic plan embedded into all areas of operations is essential for effective case statement development. What are the organization’s strengths, weaknesses, opportunities, and threats and how are they being addressed? What is the vision for programming, performances, and facilities? Launching a campaign to close the deficit gap or replenish the endowment fund is not a compelling campaign statement. The ability to articulate the vision and its end result will ultimately impact the community. Taking stock in strengths and opportunities are also a prerequisite to launching and sustaining a major multiyear fundraising project.

Quantify Financial Needs

Creating multiyear financial models, projecting earned and contributed revenues, and looking at the necessary management and governance resources to support the new programmatic, artistic, facility, and other initiatives will be necessary. This work may require special board committees or outside consultants. An independent assessment of current human, operational, and technological resources or a targeted development audit with specific recommendations can be very helpful. Additionally, donor wealth screening can be a particularly effective tool to strategically identify individuals who are already connected and committed to the organization in order to better understand their potential capacity to make significant contributions and achieve strategic plan goals.

¹ Kay Sprinkel Grace, *Beyond Fundraising: New Strategies for Nonprofit Innovation and Investment*, Wiley, 2nd edition, 2013.

Embark on a Campaign Readiness Assessment

A campaign planning study (sometimes called a feasibility study) will assess the potential for the community to support the campaign goal. Through confidential interviews with high capacity individuals identified through donor wealth screening, the study will determine the feasibility of an organization's strategies for raising funds from private sources, including gifts, grants, and bequests. It will also assess a donor's perceptions of the organization and its leadership and programs, as well as establish total fundraising capacity for the campaign. The campaign planning study will develop strategies for proceeding with a campaign and refine the campaign goals and resource requirements. Information gathered during the planning stage allows an organization to make appropriate adjustments before beginning to work on any endowment or capital campaign. Likewise, it may alert an organization that more preparatory work is needed before launching a campaign.

Perhaps most importantly, testing for campaign readiness can help an organization pre-sell the campaign strategy and messaging to prospective donors, laying the groundwork for actual requests for contributions. The study will also identify potential volunteer leadership, staffing needs, role of counsel, timetables, and other resources required for launching and conducting a successful campaign effort. Issues to overcome may also be revealed, such as possible opposing attitudes, confusion of vision, and competing campaigns in the community. Interviews and surveys not only seek information but also inform potential funders about the future of the organization and resources required to achieve that vision.

Campaign Planning Checklist

The following checklist of critical attributes can be used to determine the remaining components needed to launch an effective and successful campaign:

Existing Annual Fund

A robust annual fundraising program that acquires, renews, and upgrades donors on a consistent planning cycle is essential to success. A strong foundation of current, qualified, and engaged prospects is needed to sustain a successful long-term campaign.

Urgent and Compelling Case for Support

Organizations must articulate a demonstrated need, explain how the results will impact the organization and community, and answer all the anticipated questions about goals, leadership, and capacity. Campaign leadership must communicate a dynamic vision that demonstrates relevancy and generates the excitement and commitment needed to realize the plan's financial goals.

Strong Internal and External Leadership

The leadership endorsing and soliciting for the campaign is as important as the project itself. Organizations and their leaders must have the confidence that they can and deserve to raise this kind of money. The board and senior leadership should be capable, eager fundraisers who are comfortable asking for money. In fact, 50 percent of an executive director's time should be spent on the campaign. It is also important to identify and recruit a capable volunteer leadership team, fundraising staff, and/or experienced campaign counsel to support the campaign.

Qualified and Committed Major Gift Prospects

What is the breadth and depth of the prospect pool? Is there a sufficient number of qualified prospects? Is there a way to objectively research existing donors? Most campaign donors are already giving to an organization so fundraisers must quantify their capacity and judge their interest in making a larger gift. An organization and its vision must be a chief philanthropic priority for top donors.

Investment in Needed Resources

Organizations must be prepared to invest in the required resources to launch a successful campaign. This includes a budget, dedicated campaign staff, written campaign implementation plan, consultants, and technology systems. Assess and confirm that the human, financial, and technical resources needed to manage an annual fund are in place before starting a separate, complementary fundraising effort.

Realistic Sequence and Timeline

The campaign plan must have realistic and achievable goals within the context of the overall desired revenue, the available organizational resources, and the benchmarked calendar of gift receipts. Timelines must be reasonable while still creating an appropriate sense of urgency.

Map for Success

After reviewing this checklist and preparing for a campaign, an organization should then create a map outlining its path to success. Every campaign needs a strong business plan and accompanying financial analysis with SMART goals (specific, measurable, attainable, reviewable, and time-sensitive). For capital projects, costs need to be estimated from conception through opening and beyond. Endowment goals should be established based on a percentage of annual funding needs. The urgency for operating cash may determine that cash reserves are preferable to endowment. Finally, an independent verification and confirmation of financial goals will serve as a guarantee that internal estimates are accurate.

Conclusion

There are no shortcuts or magic bullets for major fundraising campaigns. In the arts and culture industry, with many dynamic leaders and seasoned donors, it can be tempting to jump into a campaign. Developing a campaign is not something to be undertaken lightly or hastily, regardless of how urgent the financial need. A successful campaign is built with a solid foundation of an articulated vision with a strategic plan based on data, research, cost projections, and implementation tactics. Engaged, focused, and energized campaign leadership successfully working together to achieve a common goal will create momentum and results that resonate for years to come.

Editor's Note: This article was inspired by the March 2011 presentation by former Arts Consulting Group Senior Consultants Willem Brans and Lee Kappelman and shapiroassociates President Susan Shapiro at the Association of Fundraising Professionals Conference entitled: *Campaigns: Are You Ready?*



Susan E. Totten, Senior Vice President

Joining ACG in 2019, Susan E. Totten brings more than 25 years of experience in capital, operating, and endowment campaign fundraising for arts and culture, higher education, and medical institutions. Overseeing the firm's contributed and earned revenue enhancement areas, Ms. Totten has also demonstrated success in strategic planning, board development, and mobilizing resources to advance organizational mission and vision. She recently served as Chief Development Officer at the University of Southern California Radio Group, where she planned a \$130 million capital campaign. Ms. Totten previously served as Executive Director, Office of Regional Giving at University of California, Los Angeles and as the Assistant Vice Chancellor, Health Advancement at the University of California Irvine (UCI), where she managed a \$2.3 million budget and was responsible for the \$500 million goal for the Medical Centers and School of Medicine. Within the arts and culture sector, Ms. Totten has held roles as Director of Resource

Development for Opera Pacific, Vice President of Development for Pacific Symphony, and Director of Development for the School of the Arts at UCI, where she completed a successful capital campaign to endow professorships, raise scholarship funding, and renovate and build new facilities. Ms. Totten has led conference sessions at the League of American Orchestras, Association of California Symphony Orchestras, and the Council for the Advancement and Support of Education on topics ranging from capital campaign planning to annual fundraising best practices. She holds a bachelor of arts in English literature from the University of California, Berkeley, where she also focused on art history and languages.

Contact ACG for more information on how we can help your organization plan for its next major fundraising campaign and achieve its long-term contributed revenue goals.

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