



Debt Payment

Fundraising Campaigns

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Sometimes fundraising for debt elimination is necessary since, in the past, some project was undertaken. Perhaps you moved to a new organization, only to find there is major debt from the last building campaign. Perhaps not all went as planned, and your renovation of the current facility has not been paid off. Or, your building committee moved forward and the project was begun before enough money had been acquired for the building campaign. Or, you took out a loan for the building and then the economy changed drastically. On the other hand, you may need to enter a new building or renovation project and thus the debt for the previous project needs to be addressed. Whatever the reason for the existing debt, what should you do?

A capital campaign as well as project fundraising can and should be a positive experience for any organization. A well-organized program will bring success. On the other hand, fundraising that focuses on debt payments is more difficult to develop and implement. The outcome should be positive, but getting there is challenging. Realistically, there are no quick and easy answers.

Debt reduction or elimination campaigns are the hardest to manage and complete successfully. In fact, one senior fundraising consultant put it bluntly, “They are a no-win situation.” Nevertheless, existing debts need to be paid. How do you reduce or eliminate an existing debt? The following suggestions will help you launch a debt elimination campaign. Study these suggestions, adapt them as needed, and you will be ready for a successful debt elimination project.

Preparation stage

1. Please read the chapters in *Successful Fundraising* on “Fundraising Fundamentals” (chapters one to five) and the “Capital Campaign.” These will give you a good foundation for implementing a campaign.
2. Create or ensure an active, interested, and working committee is in place. Beware of a campaign becoming just the project of the leader or a small group.
3. Re-study the yearly plan. If there is no plan in place, focus on the mission.
4. Review past history of fundraising and the campaign itself. Were the relevant policies on borrowing funds followed? Was this borrowing plan discussed with the board and various constituencies? Any controversy? Objections? Concerns? What was the plan for debt payment? Sources of funds?

5. Conduct a customized feasibility study; understand the issues involved in the campaign. Is the constituency weary of hearing about debt? Are there opposing factions? Do organizational, management, financial, or relationship issues have to be resolved before a campaign can move forward?
6. Determine what programs are most essential and what services are critical. Trim all spending and maintain what's essential and critical. Recommend changes to the board.
7. Evaluate what progress reports, outcomes, and other reports have been communicated with members and other donors since construction was completed, and during the campaign time.
8. Ensure the board is supportive of undertaking a major debt reduction campaign. Present plans to the board and request input as well as commitment to be involved.
9. Prepare a short, but carefully detailed, written job description for the fundraising committee, including a description of duties and roles for a Chair or Co-Chairs as well as Vice Chairs. Great care must be exercised in selecting the Chair and other leaders.
10. Determine if the fundraising should be a line item in your budget or should be a separate campaign. This depends on the size of the debt versus the organizational budget.
11. Make a serious determination of what a realistic goal is, and the potential for reaching it in a reasonable length of time. People get weary with long campaigns that have unreasonable goals.
12. These steps should be taken with diligence but not much fanfare. Hold off making public announcements until plans are in place; then publicize the plans.

Campaign planning

1. Draft a new "Case for Giving" around priority needs (capital and program) linked to a master plan.
2. Ensure there is a good database in place. If there isn't one that will be appropriate for fundraising records and tracking, contact PSI for suggestions on securing one.
3. Invite people who will serve in the role of volunteers to be part of the planning, identification of donors, and eventually be solicitors as well, at least for the major gifts. Provide appropriate training and ensure "job descriptions" are in place so volunteers know what is expected of them. When raising funds for an organization, the organization board and staff should also be involved in planning and volunteering.
4. Create a major gifts committee, besides the fundraising committee (although there can be membership overlap). Research potential sources of support and a list of top major gift candidates, each to be seen within the next six months. Please contact PSI if you need assistance in developing committee job descriptions.

5. Current and prior donors are your best resource for new gifts, including major gifts. Prepare a list of your top 25 or 50 largest donors. Study their history of giving to your organization as well as other instances of their philanthropy, as part of preparation to meet with each one to discuss the campaign within a six-month period. The campaign also is an appropriate time to identify and qualify new prospects as potential donors. In addition to individuals as prospective major gift candidates, research other sources such as vendors and suppliers along with local businesses, service organizations and more. Also look for contacts that will link prospective candidates with constituents and current donors to organize personal visits to these new prospects. There may be other, local-area sources of funds but please remember that foundations are highly unlikely to give to debt reduction.
6. One fiscal strategy that may appeal to both campaign leaders as well as contributors is to request a gift for an existing program or service in the current operating budget. As these are funded with new contributions, the new gifts will allow the “release” of budgeted funds that can be transferred to the debt retirement account. In this fashion, you have preserved the donor’s request to use their funds for the current program or service while also contributing to the debt reduction campaign. Also, be clear with each donor to explain how their new contribution will help maintain current operating programs as well as help with debt retirement.
7. Consider how you might add to your income by other means, such as renting parts of your facility or property, or collaborating with another institution by providing something that institution needs, such as renting your parking lot or renting classrooms to local night schools or other meeting needs.
8. Develop a system to qualify potential donors for personal face-to-face visits. Establish a separate cultivation plan and meeting agenda for each prospective donor.
9. Continue to build and train volunteers so they will be comfortable with approaching potential donors, and will be prepared to do so professionally. Please contact PSI for suggestions on what information and training volunteers should receive. We can send materials and samples, and perhaps can come and work with you as well in conducting the training. Never assign more than four prospects to a volunteer. Ensure records are in place and data are entered regularly.
10. Outline how gifts will be thanked, recorded, and reported. Thank you notes must be sent immediately.
11. Design a recognition program. At times recognition is problematic because some donors wish to remain anonymous. Put in place policies that will define recognition. In planning your recognition activities and strategies, please remember that they should be appropriate for the type of campaign, the type of organization and appropriate for the amount given. PSI can share ideas and suggestions with you. And remember to thank donors, personally and with the receipt.
12. On an on-going basis, continue to add to your potential prospect/donor list. Consider all options. Prepare a case to present to these by groups or, if there is potential for a larger gift, personally. Work from the top down—invite major donors to give first, then work on down until smaller gifts are invited. Everyone should have a chance



to give, even children. Place these candidates in categories in order of priority to solicit, such as: Group 1: Board members, current best donors, current volunteers, etc. Group 2: The constituencies of the organization. Group 3: Employees, vendors, suppliers, etc. Important planning point: It is important that each board member and member of the various committees make a commitment to the fundraising program. You need to be able to tell donors and potential donors that each of them is participating.

13. On an on-going basis, consider these potential donors. Work intelligently, not on a “wish” basis but understanding what their link is to the organization and why they would give, how much they could give and what the gift could accomplish, and how likely they are to give. Possible donors might be:

- current and past board members (current board members are a “must”)
- current and past volunteers
- current and past donors
- parents and grandparents of current and past students
- school alumni & family of alumni
- current and past friends of your organization
- employers of friends of your organization
- supporting or related school faculty and all employees
- current and past vendors and suppliers
- friends of employees, donors and board members
- businesses in the area
- healthcare organizations, such as hospitals or an Adventist health system office
- local community foundation

Campaign implementation

By now, the plan is in place, having been approved by the board and business meeting. The plan should include the fundraising/campaign process and a timeline.

1. Major donors and prospects have been identified and qualified, cultivation and meeting plans are prepared, and volunteers are trained and assigned to solicit each candidate on a personal basis.
2. The organization’s leader is visibly behind the plan and the campaign, and promotes it as well as reports on its progress.
3. Volunteers are involved on an on-going basis, fulfilling clearly defined roles.

4. The annual budget priorities (program and capital) have been described in the master plan and the fundraising plan. Include actual budget amounts that are your fundraising goals.
5. New funds raised for current budget priorities can “release” budget funds allocated for this same purpose; these released budget funds can be used to pay down the debt.
6. Continue to carefully track donations, thank you letters with receipts to donors, and pledges.
7. Issue ongoing reports. Be positive about progress.
8. Be ready to be flexible and adjust the plan as needed.
9. Committees should continue to meet to ensure their part of the campaign is being carried out.
10. Get ready to celebrate success!

Remember to contact PSI for additional assistance and information. Our contact information is: Info@philanthropicservice.com, 301.680.6133, www.philanthropicservice.com

