Chapter 8

The Capital Campaign

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This chapter explains the specific process of a fundraising campaign for a building, building renovation, or a similar major project. Each section illustrates a step in the overall process. There may be some repetition of information from other sections of this manual, but this is necessary in order to show the flow of a campaign.

Foundations of a campaign:

- Fundraising is a process—an organized approach to managing human and financial resources.
- Fundraising, if it is successful, is a coordinated team effort.
- Fundraising requires investment of resources—time, money, commitment, and people.
- Fundraising is based on stewardship practiced by members and constituents.
- Fundraising requires accountability, good management, organized efforts, clear communication, and excellent constituency service.
- Fundraising takes time. It brings advocates to the team—leadership and other carefully selected persons who are included because of special expertise.
- Fundraising helps to develop loyalty to the cause.
- Fundraising provides involvement by and from influential constituents.
- Fundraising is not begging or selling. It is sharing a message that is important to the organization and the donor.
- Fundraising is a way to help good causes succeed—causes which help people in the way Jesus would.

Fundraising will succeed when . . .

- There is strong leadership at all levels.
- There is trust in the leadership and its accountability the constituencies.
- There is a supportive infrastructure—enough support individuals and an up-to-date data.
- There is good communication with all constituents and supporters.
- There is buy-in to the mission for which funds are being raised.

- There is a strong stewardship base of consistent giving to the organization.
- There is an understanding that it takes money to raise money, while at the same time there is accountability and attention to efficiency.

Fundraising may not succeed if the following conditions exist:

- Lack of coordination of fundraising efforts along with other programs in the organization.
- Perception that there is no clear mission for the project.
- Risk of alienating donors when the process isn't clear.
- Perception of no-need beyond basic support giving.
- Not enough resources invested.
- Neither organized nor focused.

The most important tasks:

- Practice good stewardship.
- Respect the donor's wishes, keep promises, and engage in ethical practice.
- Use the money wisely and in exactly the way promised.
- Report on the use of money.
- Ensure donors are thanked and appropriately acknowledged as well as kept informed.

Definition of capital campaign

A capital campaign is a periodic, carefully organized, highly structured fundraising program. It uses a team of leaders and to raise funds for specific needs to be met in a specific timeframe, with a specific money goal that allows donors to pledge gifts to be paid over a period of years.

Types of campaigns

The traditional campaign of "bricks and mortar". The funds raised are for new construction, major renovation, and/or major equipment purchases.

Endowment campaign. The funds raised are to create or add to the organization's "capital" investment fund, from which income is earned to support programs designated by the policies of the governing board or by the donor.

The comprehensive or combined campaign. This fundraising effort brings together all the organization's needs for buildings, equipment, and endowment for a specified number of years.

The project campaign. Almost any significant area of need, such as current programs, special projects, buildings, cash reserve, or endowment acquisition can be organized and "packaged" using the capital campaign model.

Ask yourself these threshold questions whenever you are considering undertaking a capital campaign:

1. Do we need money?
2. Do we have a convincing case for support, appealing both to the heart and the head?
3. Do we have active and highly visible volunteer leaders?
4. Do we have enough personnel to support a campaign, such as volunteers, someone to handle the database, and managers of the process of fundraising?
5. Do we have good access to funding sources?
6. Do we have (or can we get) a system in place for recording and acknowledging gifts and pledges?
7. What is "the competition" doing?
8. It costs money to raise money. Are we willing to make the necessary investments?
9. Is there a sense of urgency about the needs?
10. Does our organization have clear priorities?
11. How well have our fundraising efforts worked up until now?
12. Do we have a positive image in the community?
13. Is our organization well known in the community?
14. How well does our organization work from a business perspective?
15. Can we identify five to ten top volunteer leaders?
16. Do we have an idea who the chairperson ought to be? Do we think that person will agree to lead?
17. Can we identify five to ten top prospective donors?
18. Can we identify more prospects than are likely to be donors, which is usually the case?

Characteristics of capital campaigns

- Large money goal
- Feasibility study

- Defined, intensive time period
- Dependent on lead gifts
- Volunteer driven, including constituents and friends of the organization
- Sequential solicitation, beginning with larger donations and moving toward every member involvement
- Face-to-face solicitation

Policies must be established in order to have responsible handling of funds

- Use of letters of intent and/or pledge cards
- Gift and pledge crediting, recording, and banking
- Restricted gifts and funds: minimum levels; naming opportunities; use of principal and interest
- Appropriate donor recognition and possible naming opportunities
- Payment of campaign expenses, including the cost of the planning study and related preparation expenses, and the calculation of the cost of raising the money
- Publicity guidelines (a comprehensive communication plan should be developed)

Components and value of a feasibility study

A feasibility study is highly advisable in order to determine if the campaign can succeed and the goal can be reached. Usually this is done by an objective person who asks selected constituents questions, and the interviews are conducted both internally and externally. The person conducting the interview will use a standardized form developed by all those who are conducting the interviews. It will cover the areas indicated by the following questions:

1. How does the person being interviewed view the organization, its mission, its goals, its staff, its volunteer leadership, and its finances?
2. Has this person ever supported the organization either financially or as a volunteer?
3. Does the organization tell its story accurately and effectively?
4. Does this person think that the organization can successfully raise large amounts of money within the community?
5. Does this person know of potential donors and the amounts they may be willing to give?
6. Would the person be willing to support the organization either financially or as a volunteer leader during the campaign?
7. Who else would this person recommend to become involved with the leadership of the campaign?

8. What are some suggestions regarding how high the goal should be set, who should head the campaign, and how long it should run?

9. What is the relationship between the organization and the community, and can this relationship yield results in terms of donors?

10. How can sustainability of our project be achieved? How will we maintain or keep it going?

You need to decide how many interviews must be conducted. This depends on previous fundraising success, existing knowledge of donors and giving in general, size of the membership or number of constituents, size of the fundraising goal, and any environmental circumstances that may be relevant to the campaign (e.g., a rift in the organization or economic factors in the community). This can be seen as perhaps making giving mandatory. Equally important is to decide is who the right person would be to conduct the interviews. It needs to be someone who is objective, has credibility, is trustworthy, and is not seen as being unduly interested in personal information.

Also, a test of readiness, found at the end of this chapter, can be adapted to determine if a campaign is feasible.

Internal assessment

- Case (See previous chapter on what it means to create and make a case.)
- Needs (What needs exist for the project or campaign, have these been verified, and how can these needs be met, including needs for conducting the campaign, such as personnel and funds to run a campaign?)
- Goals (programmatic as well as fundraising)
- Commitment. (buy-in from the organization's constituency, the board, leadership, and a desire to truly make this happen)
- Communication (Adequate information sharing and reports that keep everyone up-to-date according to levels of involvement and interest. For example, the board needs more detail than the larger constituency who may be peripherally involved.)
- Stewardship. Constituents are giving regularly, are loyal to reaching budget and other goals, believe in giving to the organization and can have trust in the leadership and how money is handled and used.)
- Management. (Responsibilities are shared, there is transparency in functions including the budget, promises are fulfilled, and the organization is managed well and is responsive to all constituents.)
- Leadership. (The leader models the appropriate attitude and action in fundraising campaigns, volunteer leadership takes on serious and carefully planned roles, and there is both accountability to constituents and donors, as well as trust.)

- Prospect and donor development (Appropriate information is acquired about potential giving and givers, and their interests and needs for involvement, as well as how to be asked and what to ask for, are considered.)

External assessment

- Environment (the local as well as national economy, what other organizations are raising funds, what the organization's relationship to its broader community is, what perceived or real problems must be handled in order for the organization to gain trust and respect)
- Understanding of the case (how well the organization is understood and whether the need for the project or campaign is accepted)
- Goals and constituency (The fundraising goal and what the project or campaign will accomplish need to be clear, understood, and accepted.)
- Markets (an examination of who besides the local constituencies could give, why, in what way, and for what part of the project or campaign)
- Attainability of giving standards (an examination of whether or not it's possible to reach the goal by seeking donations outside the local constituency)
- Public image and understanding (A positive image of the organization seeking funds is vital—people like to be associated with positive causes and organizations.)

Gift-range chart: You will find instructions and a sample chart at the end of this chapter. Please contact PSI for more assistance.

Sample test of readiness: You will find a sample test of readiness at the end of this chapter.

Campaign organization

- Committees need to be established, beginning with the steering committee, often called the building committee. Other committees may be an event planning committee that may include a kick-off event, a committee that determines how donors will be recognized in appropriate ways, a committee that is responsible for handling campaign details such as record keeping and reporting, and others as needed.
- Leadership roles and responsibilities need to be defined, such as the activities expected of the leader and volunteer leaders, and the board.
- These committees should include representation of various constituent groups, along with leadership.
- The creation of committees and the assignment of responsibilities can vary, but suggestions for setting up committees can be requested from PSI. Ultimately, the creation of committees spreads out the work, the responsibilities, the influence with donors, members, and constituents, and accountability for the campaign and funds.

Plus, it allows for buy-in by many who wish to see the campaign succeed and want to be part of that success.

Recognition is a vital part of a campaign and a major motivator for giving when it is appropriately handled. Consider the following:

Donors need to be thanked. The Bible has many examples of how gratitude is appropriate and a necessary part of good relationships. A formal Thank-you for a donation should be sent within forty-eight hours of receipt of the funds or pledge.

A recognition system can be planned as part of the campaign strategy, and can motivate givers because everyone, with few exceptions, wants to be appreciated. Larger gifts should receive very personalized recognition. Recognition should be appropriate for the type of organization (e.g., school versus a church campaign) as well as the recognition provided (a room named after the donor versus an honor roll of givers on a wall).

Therefore, levels of giving should have specified recognition that is appropriate for the campaign and the amount given. Policies should be set up as part of campaign planning so that undue promises aren't made. Recognition is appropriate for the campaign and the goal as well as the various levels of giving. There should not be a perception that certain donors are "buying" their way onto the board or into a position of leadership. Recognition can be one of the most enjoyable parts of the campaign strategy and can also be part of developing relationships. Examples of recognition can be provided by PSI.

As a review of campaign elements—here are some reminders

Steps for conducting a capital campaign:

- Internal readiness, testing for readiness
- Preparation, which is the largest amount of time and least understood
- Solicitation of major gifts, proceeding to smaller amounts
- Wrap-up and celebration

Seven building blocks are:

- Planning
- Communication of all aspects of the campaign
- Orchestrated momentum
- Leading, large gifts
- Broad-based involvement
- Prospect and donor management
- Investment of human and financial resources

Mistakes that can derail a campaign:

- No test for readiness
- Blurring of line between faith and presumption
- Lack of prospect/donor knowledge
- Wrong case being made to wrong prospects
- No donor benefits
- Unreasonable demands on campaign leaders and workers
- Poor public relations
- Wrong timing
- Wrong asking
- Lack of an organizational team mentality

Other capital campaign considerations:

Requests are often made to PSI for the following information:

- How to pay an existing debt on a building, renovation, or project fundraising
- What to do when a campaign is stalled
- How to achieve sustainability of the project, the building, or a program after the campaign
- How much debt should be incurred
- How to maintain the level of giving, or at least the level of enthusiasm for generosity

These are vital questions that show responsible leadership and planning. Please contact PSI for additional information on these topics. PSI may help you by additional consulting, providing printed or Web information resources, referring you to other experts, or even making an on-site visit.

Of course, it is best if these questions are considered in the up-front campaign planning so that problem situations don't occur (although life is never so certain that some of these might not be real situations). For example, economic downturns can slightly derail or totally undo any well-planned campaign. However, PSI and other experts advise that these campaign considerations be dealt with up front and not after the fact. Also, remember to contact your parent organization's office, which may help you with some of these situations, and above all, contact PSI!

Additional resources

Gift-range charts

Gift-range charts (sometimes called gift tables or standards of giving) are statistical representations of patterns of giving in other successful campaigns. They are used in annual as well as capital programs. While the capital campaign gift table formulation is based on the experience of thousands of organizations in the United States, other areas may use them as a reference.

Five basic functions of gift-range charts

1. Planning tools, to identify the ideal pattern that would result in a successful campaign
2. Visual devices to raise the sights of donors and prospects
3. Testing instruments to measure the availability of donors and prospects at specific levels of giving
4. Tools to identify the anticipated gift production of a specific campaign
5. Statistical base for evaluating the actual gift production during and after the campaign

    - Creating gift tables. Experience from diverse campaigns has demonstrated the "rule of thumb" that 80 percent of the gifts will come from 20 percent of the donors. Beginning in the mid-1960s, a gift pattern emerged that continues to be validated in current campaign experience.
    - 50 to 60 percent of the goal from the 10 to 15 largest gifts
    - 35 to 40 percent of the goal from the 100 to 150 largest gifts
    - 15 to 20 percent from all other gifts
    - Additional instructions available from PSI

Gifts Needed to Raise $1,000,000

Three-year* pledge period

Number of Gifts	Range of Gift	Number of Prospects/ Ratio	Cumulative No. of Prospects	Total for Range	Cumulative Amount	Percent of Total
1	$150,000	3 (3:1)	3	$150,000	$ 150,000	15.0%
1	$ 75,000	3 (3:1)	6	75,000	225,000	22.5
2	$ 60,000	6 (3:1)	12	120,000	345,000	34.5
4	$ 30,000	12 (3:1)	24	120,000	465,000	46.5
8	$ 15,000	32 (4:1)	56	120,000	585,000	58.5
16	$ 7,500	64 (4:1)	120	120,000	705,000	70.5
32	$ 3,000	128 (4:1)	248	96,000	801,000	80.1
64	$ 1,500	320 (5:1)	568	96,000	897,000	89.7
100	$ 600	500 (5:1)	1068	60,000	957,000	95.7
Many	<$ 600	Many	Many	43,000	$1,000,000	100%

*Note: primary figures in range of gift column are divisible by three.

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Test for Readiness

An organization assessment questionnaire to use when considering a capital campaign (Please remember that this handbook, because it is designed for all nonprofits such as homeless shelters, food banks, schools, refers to all as "organizations.")

1. **Organization plan:** Does the organization have a written, strategic plan that charts the course for three (ideally five) years, starting with a statement of mission, goals, and objectives, and then moving into specific programs and budgets? Have the board and other segments of the constituency been involved in the development of the plan, and in validating the program and financial needs expressed in it? Have leaders committed themselves to meeting the financial needs of the plan, which must come through fundraising?

2. **Written statement of case, needs, and goals:** Case is defined as all reasons why anyone should give to the organization. Does such a written statement(s) for fundraising purposes exist? Are members of the board, the leader, and key volunteers able to express the case in exciting terms that communicate their own commitments?

3. **Constituency:** Has the organization defined a constituency beyond those "intimately and naturally" involved with its programs? Has it developed an outreach program to increase the constituency? Has it analyzed the makeup of the constituencies for fundraising purposes?

4. **Giving history:** Does the organization have a high level of involvement by members and other donors in giving to projects, the annual fund and other needs? Have the fundraising efforts been directed to all sources of donations, as described in the previous chapter?

5. **Prospect development plan:** Does the organization know who its potential givers are? Has appropriate research on prospects and donors (particularly at the major gift level) been conducted with necessary information properly recorded and retrievable for use? Is confidentiality assured and trust in leadership in place so that record keeping isn't questioned?

6. **Efficient record-keeping system:** Is a proper donor and prospect record-keeping system in place that provides storage and retrieval of essential data on the constituency in a timely fashion? Will the system support the acknowledgment of all contributions within forty-eight hours of receipt?

7. **Communications:** Is there a communications plan, soundly conceived and implemented, to involve people in a warm, supportive relationship with the organization and designed to develop acceptance of the organization within the community?

8. **Leadership and board:** Are the leaders and the board chair actively in favor of the campaign? Has the board had an active role in governing the organization: planning, defining, approving, and clarifying policy; overseeing management resources; and

generating resources through fundraising? Are board members willing to give and ask others to give? Are the committees active and involved appropriately, such as a building committee or a planning committee?

9. **Potential lead/major gifts:** Does the organization give attention to the critical process of identifying, cultivating, and soliciting prospective major donors for current campaign support as well as special projects?

10. **Is there campaign and fundraising "buy-in"?:** It is axiomatic that causes do not raise money—people with causes raise money. Does the organization have quality of volunteer leadership that will help to raise the money required?

Test for Readiness

		Range of Score	Your Organization's Score
1.	A sound plan for the future	0-10	
2.	A written statement of case needs, goals drawn from this plan	0-10	
3.	An informed constituency	0-10	
4.	Giving history	0-10	
5.	A prospect development plan—a research system	0-10	
6.	An efficient record-keeping system	0-10	
7.	A creative, functioning communications plan	0-10	
8.	Leadership and board involvement	0-10	
9.	Potential lead gift contributors	0-15	
10.	Buy-in by leadership and members	0-20	
		Total Score	

A score below 80 would indicate that the organization is not ready to mount a major campaign. The campaign should be delayed to allow for remedial, planning, or preparation work to support each of the elements with a low score. Although some campaigns will be successful if all readiness indicators aren't present, these exceptions should not constitute a rule.

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Developing a campaign plan—possible steps to take:

After reading this chapter, you need to develop a process and a plan. The steps outlined below may guide your thinking on how to proceed, remembering how you would use the principles for your own organization, constituents, goal and action plan.

1. If you are not able to have a formal feasibility study done, perhaps because of the high costs, please consider a series of serious questions as objectively as possible. Review the test for readiness as well as the feasibility study questions from the "Capital Campaign" chapter. As objectively as possible, evaluate if your organization is ready for a campaign. If you believe the group is not objective enough, perhaps you can find someone who has expertise in fundraising to spend some time with you, doing an assessment of your current status and readiness to undertake the campaign. You may wish to do a formal feasibility study. If so, please request that PSI recommend a consultant. Also please read the chapter on "Selecting a Consultant" which would be helpful in making the most cost-effective and most suitable decision.

2. Develop your internal case statement. In the "Fundraising Fundamentals" chapter is a section on developing the case. This step will help you and your team analyze the values of your project, what you wish to accomplish and why, and additional details. This will lead to an understanding of who could be your donors and how you will present the case to them, customized for individuals and groups.

3. Now that you have identified the details of your campaign and assessed your readiness, you can answer the "why" of the campaign as well as the expected results (not just the building but the programs and services). Make a list of all possible donors, as described in the "Fundraising" chapter. Qualify all donors you and your team can think of by the Linkage/Ability/Interest factors (courtesy of The Fund Raising School).

4. Based on what you have discovered about possible donors, develop a preliminary gift range chart as described in Successful Fundraising in the previous "Capital Campaign" chapter. This will be a reality check and lead to a plan as to who can give, at what level, and when that donor or group should be solicited.

5. Go back to step #3 above and match the donors/donor groups with the tools you might use. This is a good time to begin assigning work beyond just the core group--the steering committee. It also leads to a campaign plan.

6. Put together a plan with the steering committee or the campaign committee (terminology for the main committee which manages the campaign might vary). If in doubt, a sample plan might be provided. But this is your working document, so there isn't a specific, correct format you must follow. It basically is what works for you as you outline what will be done, when, by whom, with what timelines.

7. Now that you have a plan, be sure you have the board working with you (it could be assumed that many members of the steering committee are also on the board) and have their involvement and approval of the plan. It's highly important that the board be vested in the campaign, be willing to work, and make donations at 100% participation.

8. Assign committees. These are listed in the "Capital Campaign" chapter but you, of course, can personalize for your plan as needed. This step will spread the work, ensure buy-in, and divide the work among the team members.

9. The campaign process begins with personal contact with the larger donors; the top third of the gift range chart. When approximately 50% of the funds are in hand, plan a kick-off event that will get many involved and excited. Follow your timeline and keep reporting frequently, adequately and appropriately to the donors. Remember that the "family," especially the board, needs to give first before you go to other donors.

10. Feel free to interact with PSI whenever needed. We can't be your conscience, we can't be on hand to lead you, but we can provide feedback, advice, encouragement, and information.