Strategies for a Successful Fundraising Campaign
Part 1 – Preparing for the campaign
Q&A

We are a very small organization and hiring a consultant for a feasibility study is out of the question. But we know what it is and what needs to be done. Any advice on undertaking this on our own?

I think what you will find is that the interviews, if conducted by either staff or volunteers, will be far less candid than they will if you utilize an outside resource. What I would recommend is that board members be asked to make an initial gift toward their eventual three- to five-year campaign pledge, to create the start-up capital necessary to professionally assess your campaign potential through a feasibility study and create the optimal campaign operating plan. If there is substantial hesitation and/or limited capability among your board members, you’ve identified a major issue with respect to your readiness to pursue a capital campaign. (Answered by: David Coyne)

I understand the limitations for a small organization. I suggest you create a small subcommittee of the board to work on the feasibility study with your CDO and executive director. While responses may not be as candid you will get a sense of the board’s willingness to invest in the project. Stakeholders beyond the board are more likely to agree to meet and speak with board directors rather than staff since they are often their peers. (Answered by: Kathleen Hechinger)

How frequently should capital campaigns last and also be conducted for a small $3 million nonprofit?

My first thought is that a $3 million nonprofit is by no means small, relative to the overall nonprofit sector. In a smaller organization, a campaign can likely be completed in 18-24 months (including the feasibility study/planning phase, then a leadership gifts (quiet) phase, followed by a public phase). Recognizing the potential for donor fatigue, it is ordinarily advisable to wait three to five years (or more) between campaigns. In part three of our series, we’ll look at ways for organizations to maintain the momentum created from a successful capital campaign. (Answered by: David Coyne)

In addition to the comments above, I have noted over my 25 year career that five years between campaigns is the average. (Answered by: Kathleen Hechinger)

Are the interviews during the feasibility study conducted only by the consultant or is it good to involve the CEO and/or fundraising officer?

Donors and potential donors will be much more candid and forthcoming in a one-on-one personal, confidential interview conducted by an experienced fundraising consultant. The presence of a volunteer or staff member will limit the effectiveness of a feasibility study. (Answered by: David Coyne)

What are average expenses as a % of $ raised? What do feasibility studies cost?

A 30-interview feasibility study will ordinarily be in the $30,000 - $35,000 range. If the study is national in scope, there will be additional travel expenses. Campaign expenses, as a percentage of total attainment, should be in the 3-10% range, depending on the scope of the campaign, the organization’s history, the experience of the organization’s board and development staff, and, relatedly, the degree to which it is necessary to engage ongoing campaign counsel. (Answered by: David Coyne)
If the goal of a capital campaign is sustainability, how can that be reframed or restated to sound more appealing?
Ordinarily, if a donor is asked to make a gift which will help an organization achieve financial stability and sustainability, they are going to want to see evidence of a plan in place as to how those funds will (as an endowment or reserve fund, which will generate investment income to fund operations each year) and won't (as a fund to balance the budget or address ongoing shortfall) be used. (Answered by: David Coyne)

What do capital campaigns typically fund?
Typically, capital campaigns raise funds for physical plant/facilities, endowment and/or current use funds (whether unrestricted annual support or restricted program support). (Answered by: David Coyne)

The term "capital" campaign was initially used for construction projects but has come to be used in a much broader sense. Most often campaigns are used for building projects or improvements, endowments and ramp up costs; however, I have also seen them used for the establishment of a large cash reserve (internal line of credit) and large production projects (for museum exhibitions and dance for sets costumes and scenery). (Answered by: Kathleen Hechinger)

How do you allocate the costs of fundraising to your campaign buckets? For example if total $$$ for campaign is $5M, do we add into our unrestricted bucket? Or divide the cost proportionally among the campaign priorities and their share of the total goal?
Most savvy donors (and even some who aren't) will understand the importance of investing financial resources in marketing/communications, events, travel, staffing and outside expertise. So, I would certainly not hesitate to explain that there are costs of fundraising, but they should be viewed as investments, not expenses. That being said, I would recommend they have their own bucket, to be filled through unrestricted gifts. As a rule of thumb, the more inclusive and transparent your organization has been in developing its strategic plan and resulting campaign initiatives, the more likely donors will be to make unrestricted commitments (which do not preclude those commitments from being honored through creative naming opportunities). (Answered by: David Coyne)

Be very cautious about allocating costs to the campaign that are not clearly direct campaign expenses. Some will be obvious (the consulting firm, consultant travel and printed campaign material) but you will find that others are less clear (staffing, supplies, etc.) and I suggest you maintain those as normal operating expenses. To the extent you are allocating direct campaign expenses to different campaign initiatives I think allocating proportionately is fine. (Answered by: Kathleen Hechinger)