

THE SWEENEY GROUP

Are You Ready for a Capital Campaign?

The most important step in a capital campaign is making sure it is the right time.

A guide for nonprofit leaders

Jodi Sweeney

Original article, redesigned edition



A PRACTICAL READINESS GUIDE

How to use this guide

This redesigned edition preserves the original article’s guidance, including the readiness factors, Standards of Giving chart, testing process, feasibility study framework, and selected references. Use it with your board and staff to decide whether a capital campaign is timely and achievable.

“Ascertaining readiness is the most important step in assuring that your campaign will be successful - or stopping you from conducting a campaign before you are ready.”

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THE SWEENEY GROUP

Fundraising strategy and campaign counsel for nonprofits and libraries.

01 | THE CAMPAIGN QUESTION

Are You Ready for a Capital Campaign?

By Jodi Sweeney

Your programs are growing. You have added staff, and your offices are bursting at the seams. It is clearly time to move. A good-sized building is available at a reasonable cost, and your staff members are enthusiastic, but you need to raise approximately \$250,000 to make the move feasible. It is time to begin a capital campaign - right? Well, maybe.

Ascertaining readiness is the most important step in assuring that your campaign will be successful - or stopping you from conducting a campaign before you are ready. To determine readiness, you need to look at both internal and external factors.

"Your lead gift for the campaign is critical. It has got to set the pace. It has got to excite the committee. It has got to kick off the volunteers. It has got to be more than \$200."

INTERNAL FACTORS

First, you need to address the internal factors that may affect your capital campaign:

Staff Time

A capital campaign is extremely time-consuming for the staff. There will be volunteers, and (if you choose to use one) a consultant, but staff will still need to perform a variety of functions, from accompanying volunteers on solicitation calls to preparing thank-you letters and tracking pledges. A successful capital campaign can lead to new and increased annual gifts, which will make the resource development staff's job easier in the long term. But that is in the future. For now, you need to be sure staff members are available for lots of extra work before and during the campaign.

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02 | INTERNAL FACTORS

Build the capacity before the campaign

Support Systems

A capital campaign generates an enormous amount of data and tons of paper. A system for keeping track of all this information is essential. Prospective donor research and contribution information must be easily retrievable and confidential. A pledge tracking system must be in place to remind donors when pledges are due. Reports will need to be available for volunteers to use.

Board Involvement

Board involvement is crucial to campaign success. All board members must be willing to contribute both their time and money. When soliciting, you should be able to say that all board (and staff) members contributed. If they do not, why should anyone from the “outside”? While not all board members are willing or able to personally solicit prospective donors, they should all be involved in the campaign in some way. For example, they might host a small gathering of prospective donors to learn more about your organization and its campaign plans. Or they might simply serve as “ambassadors” for the campaign, speaking about it informatively and enthusiastically.

History of Past Donations

The amount of money that you have raised in the past few years and the sources for those funds have a direct impact on your ability to succeed with a capital campaign. If you did not meet your fundraising goals or if the majority of the funds raised were from one or only a few sources, you probably need to do more prospect research and develop your annual campaign before launching a capital drive.

Initial Funds for Campaign Cost

The cost of a campaign can be built into the amount to be raised and should be kept to a minimum, but you will need to fund some things before you begin to receive the contributions. Your organization should be able to fund the up-front costs of preparing for the campaign, though it is often possible to have them funded by a foundation or an individual who believes in the mission and services of your organization.

These up-front costs include:

- a board and staff retreat to discuss the pros, cons, and timing of a campaign
- brochures
- meeting and travel costs for volunteers
- cultivation events
- a feasibility study
- the costs of a consultant (if you decide to hire one)
- temporary help (if you decide more staff is needed to handle the campaign overload).

03 | EXTERNAL FACTORS

Assess the environment around you

After assessing these internal factors, it is equally important to assess the external factors that may affect your campaign:

Organizational Reputation

Most important to the success of a campaign is the reputation that your organization has built over the years - the programs and services provided, the excellence and dedication of your staff, financial stability, and your plans for the future, carefully developed into a strategic plan.

Campaign Leadership and Volunteers

The ability to recruit effective volunteers for the campaign will be very important to a successful conclusion. It is usually advisable to have the campaign chair and some of the other leaders be people who are not currently on your board. This lends credibility and divides the work. While it often takes time to find the right person to head the campaign, it is well worth the effort. Remember that people give money to people. If no one is willing to chair this effort, it probably means that the time is not right.

Timing

Many questions need to be asked about timing. What other things are going on in your community right now, and what is planned for the near future? What is the economic picture? If a major employer in your community has just had large layoffs, this could be a serious detriment to your campaign. It is also important to know if other nonprofit organizations are planning major fund drives. In most communities, for example, nonprofit organizations respect the United Way's closed period and do not solicit while United Way is conducting its annual drive.

03 | EXTERNAL FACTORS

Know the campaign landscape

Sanctioning Organizations

In many communities, there is a sanctioning organization that reviews capital campaign plans. For instance, in Madison, Wisconsin, there is the Capital Fund Raising Committee, organized through the Chamber of Commerce. In Rockford, Illinois, the United Way reviews campaign plans for member organizations.

It is important to know if there is a similar organization in your community. Not only is its endorsement valuable, but this organization can be very helpful as you develop your campaign plans. This sanctioning organization is also a good source of information about other campaigns that are being planned.

To find out if a similar organization exists in your community, check the Chamber of Commerce, United Way, or local chapter of the National Society of Fund-Raising Executives (NSFRE). Or talk to executive directors and development directors of other nonprofit organizations.

Potential Donors

One thing that is essential to the success of your campaign is contributions. You need to know if individuals, corporations, and foundations will support your organization with the number and size of gifts needed to meet your financial goal.

Table 1 is a standards of giving chart for a fictional campaign to raise \$250,000. Such a chart is a good reality check for enthusiastic volunteers and staff who say, “Sure, we can do it!” The chart defines exactly how much work “it” will take. For each gift listed on the chart, you should have researched three to five prospective donors capable of making a gift of that size.

04 | POTENTIAL DONORS

Standards of Giving Chart

Goal: \$1,000,000

No. of Gifts	In the range of	Totaling
1	\$100,000	\$100,000
2	\$80,000	\$160,000
3	\$40,000	\$120,000
4	\$30,000	\$120,000
Top 10 gifts total		\$500,000
8	\$20,000	\$160,000
16	\$10,000	\$160,000
Next 24 gifts total		\$320,000
24	\$4,000	\$96,000
48	\$2,000	\$96,000
106 top gifts total		\$1,012,000

A chart like this is a good reality check to help you decide exactly how much work your campaign will take. For each gift on the chart, you must have three to five prospective donors capable of making a gift of that size.

05 | TESTING THE WATERS

Turn readiness questions into a process

“OK,” you say. “Now we know what factors we need to assess. But how do we find out about each of these factors? How do we test the waters?” Here are the steps to follow:

Hold a Retreat

Internal factors should be evaluated through a half- to full-day board and staff retreat that discusses internal preparedness for a campaign. Some key questions to ask at the retreat include the following:

- Does our organization have a three- to five-year strategic plan in place?
- Have we closed our books “in the black” in each of the past several years?
- Does the staff have adequate time to devote to the campaign, or can some other project be postponed to make time for the campaign?
- Who have been our largest contributors over the past two to three years?
- Are there past volunteers who might be good campaign leaders?
- What is a potential contingency plan if the campaign does not meet the goal?

Set Up a Committee

If both the board and staff are enthusiastic after a realistic discussion of a potential campaign, set up a small committee (no more than five to six people) of board members and staff representatives to oversee the next phase - assessing the external factors. You may want to include one or two community representatives on the committee; it is a good way to determine if they would be suitable campaign leaders. The typical way to assess external factors is through a feasibility study.

06 | CREATING A FEASIBILITY STUDY

A disciplined way to assess campaign readiness

A feasibility study is designed to evaluate campaign readiness and constituency appeal and to make recommendations for the campaign, if warranted. A feasibility study evaluates the following factors:

- the image of the organization
- potential volunteers and leaders for the campaign
- potential donors
- public relations effort
- timing of the campaign
- other factors specific to the nonprofit

These factors are evaluated through a series of interviews, usually conducted by a consultant skilled in such techniques. The interviewer talks with representatives of the constituencies who would be influential to the campaign. Those interviewed should include potential donors and volunteers, those who know your organization well and those who may be negative about your organization or your plans for a campaign. It is important to get all perspectives.

It is also important to send the questionnaire used in the interviews to each of the board members and key staff to get their perspectives. These questionnaires can be returned anonymously.

Except in unusual circumstances (such as a campaign that covers a wide geographic area), a maximum of 20 to 30 interviews should be enough to get a good sampling; it can often be done with fewer.

The purpose is not simply to hear encouragement. It is to understand the full range of perceptions that will shape a campaign.

07 | WHAT IT DELIVERS

What will the feasibility study give your organization?

(1) an impression of how the organization is perceived in the community, which will be helpful whether or not you decide to proceed with a campaign

(2) a general plan for the campaign, if a campaign is warranted, including:

- an outline for the case statement
- initial prospect research, including the names of people who may be interested in contributing to the campaign
- confirmation that your goal amount can be raised or a suggestion of another goal
- a public relations plan
- names of potential volunteers and campaign leaders
- appropriate timing for the campaign
- and, most important, a clear sense of whether a capital campaign is in the future for your organization. If it is, you will be ready.

Campaign readiness is a decision grounded in the organization's capacity, reputation, leadership, timing, and donor potential.

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ABOUT THIS GUIDE

A readiness conversation worth having early

This guide is a redesigned edition of the original article “Are You Ready for a Capital Campaign?” by Jodi Sweeney, originally published in Nonprofit World, Vol. 12, No. 5, by The Society for Nonprofit Organizations.

The original selected references were available through The Society for Nonprofit Organizations’ Resource Center.

Before you begin raising funds, make sure your organization has the capacity, leadership, reputation, timing, and donor support to succeed.

THE SWEENEY GROUP

Strategic fundraising counsel for nonprofits and libraries

The Sweeney Group brings fundraising expertise and a deep understanding of library and nonprofit leadership to the work of capital campaign readiness, planning, and implementation.

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Start the readiness conversation before you launch the campaign.

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