



**Chiesmen Center for Democracy:  
Strengthening Communities Fund  
DEVELOPMENT TRAINING**  
January 7, 2011  
1:00 – 5:00 p.m.

Presented by  
  
Sandra Shirk McNeely, MBA, CAE  
Vice President



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**OBJECTIVES**

1. Discuss steps to determine internal readiness for development success
2. Review types of gifts and associated development policies
3. Review elements of the development plan

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**DETERMINE READINESS FOR SUCCESS**

- Internal Review
- Board and Committee Responsibilities





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- Staffing
- Systems
- Successes and challenges with past development initiatives

**INTERNAL REVIEW**

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**STAFFING**

– Does your nonprofit have proper staffing and administrative support?

- Strategic plan with development strategies and tactics
- Staffing to support the plan: with specific development responsibilities, budget and timelines

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**SYSTEMS**

- Database to track contributions and contacts with donors
- Procedures to develop and maintain relationships with donors
- Communication with and to donors: annual report, newsletters, personal calls

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## PAST DEVELOPMENT INITIATIVES

- In revisiting the last annual appeal/campaign, were these factors present?
  - Measurements of success?
    - Development benchmarks - financial goals, targeted solicitations, outcomes
  - A relationship with your donors?
    - Provide written updates, donor and prospect contact reports

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- Board's role in development and fundraising
- Types of committees to consider
- Relationships: foundations, friends, etc.

## BOARD AND COMMITTEE RESPONSIBILITIES

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## BOARD RESPONSIBILITIES: Fundraising

- Defining the specific role of the board in a formal position description
- Providing giving expectations
- Introducing prospects
- Obtaining sponsorships
- Soliciting major donors
- Other

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### BOARD MEMBER EXPECTATIONS

- Support major fundraising events
- Contribute to the annual campaign—100% Board participation required
- Introduce five (5) new prospective donors to the organization

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### DEVELOPMENT COMMITTEE POSITION DESCRIPTION

- Ensure the implementation of a development plan
- Evaluate effectiveness of development activities
- Build relationships with donors
- Implement stewardship program

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### DEVELOPMENT COMMITTEE POSITION DESCRIPTION

- Identifies prospects and solicits funds from organization donors
- Solicits funds from the board annually
- Monitors and adjusts development plan as appropriate

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**GIFTS AND DEVELOPMENT POLICIES**

- Types of Gifts
- Policies and Procedures



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**CHARITABLE GIFTS**

- **Menu:** for **what** are you raising the money?
  - The case
  - Focused solicitations within menu, mission
- **Gift Acceptance Policy:** receipt of gifts, deposits, unrestricted/restricted
- **Accounting procedures:**
  - How to report to board, donors, public

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- Current Use
- Endowment
- Restricted
- Unrestricted

**TYPES OF GIFTS**

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### WHAT ARE CURRENT USE FUNDS?

- Current Use funds are gifts made by a donor for immediate use
- Gift may be restricted or unrestricted
- Operations, programs, capital
- Basically defined as: "Money in, Money out"

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### FOUR KEY QUESTIONS

- **Rationale:** Why Current Use?
- **Implementation:** How to secure funds?
- **Accountability:** How to utilize funds?
- **Reporting:** How to keep donors aware and engaged?

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### SEEKING CURRENT USE FUNDS

- Annual appeal
- Direct Mail
- Special events
- Board gifts
- Unsolicited gifts

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### WHAT IS AN ENDOWMENT?

- An endowment is a **permanent fund** developed to provide earnings for a described purpose. The initial gift of principal into an endowment can be thought of as a seed that, when planted, begins to grow and produce fruit.
- Contributions to an endowment are **irrevocable** and become assets of the foundation to which it is donated.  
– Community Foundation Serving Southwest Colorado

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### ENDOWMENT

- Can fund operations, programs, capital
- Basically defined as: “Money in, Interest/Earnings out”
- Total Investment Return

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### FOUR KEY QUESTIONS

- **Rationale:** Why an endowment?
- **Starting/Building:** How to grow an endowment?
- **Managing:** What to do when you have the money?
- **Relationships:** Is it all about donors?

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### RESTRICTED GIFTS: Donor Designated Gifts

- Programs: existing and new—some can be started due to an endowment gift
- Position: special service position, counselor, etc. (salary and program support to assure the position for the future)
- Capital
- Scholarships: entry level gift, centered on people, can add to a scholarship

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- Investment
- Conflict of interest
- Gift acceptance
- Accounting procedures

### POLICIES AND PROCEDURES

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### INVESTMENT POLICY: Objectives

– **Preservation of Capital:** The primary investment objective is the preservation of capital. Understanding that risk is present in all types of securities and investment styles, the organization recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the earnings objectives.

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**INVESTMENT POLICY:**  
Objectives

- **Yield:** The organization's secondary investment objective is maximizing yield within the boundaries of reasonable risk of principal.
- **Liquidity:** The organization's third investment objective is matching investment liquidity with its operating and capital needs, as appropriate.

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**INVESTMENT POLICY:**  
Approved Investments

- Savings accounts or CDs of insured financial institutions.
- United States Treasury Obligations with a remaining term to maturity of one year or less.
- Securities of U.S. corporations, rated "A" or better by Standard & Poor's or Moody's rating agencies, with a remaining term to maturity of one year or less.

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**INVESTMENT POLICY:**  
Asset Mix

• Cash Reserves/Money Market:	0 - 10%
• Fixed Income:	30 - 50%
• Equities:	50 - 70%

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### CONFLICT OF INTEREST POLICY: Elements

- No member of the Board or any of its Committees shall derive any personal profit or gain, directly or indirectly, by reason of his or her participation with the organization.
- Each board member shall disclose any personal interest in the organization and shall refrain from participation in any decision on such matter.

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### CONFLICT OF INTEREST POLICY: Elements

- Any member of the Board or committee shall refrain from obtaining any list of donors for personal or private solicitation purposes at all times during the term of their affiliation.
- Board members shall disclose their involvement with other organizations .

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### GIFT ACCEPTANCE POLICY

- How to receive a gift
  - Estate
  - Tangible Assets
  - Cash
  - Stock
- Restricted gifts
  - Donors' interests vs. the board's
- Unrestricted gifts
  - Policy states that some/all unrestricted estate gifts go to endowment
- Stock, real estate, tangible asset transfer policies
- How to value the gift
- Reference document for receipt of all gifts, now and in the future - important for endowment gifts
- Clear and guiding principles for the board and staff

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### ACCOUNTING PROCEDURES

- Tracking the endowment fund
  - Donor advised/designated funds
  - General endowment
- Reporting to donors
  - Yearly reports on each fund
- Reports to the board
  - Summary report - detailed report reviewed by a board subcommittee
- Yearly Audit

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### DEVELOPMENT PLAN REVIEW

- Annual appeals
- Major gifts
- Direct mail
- Special events
- Campaigns
- Endowment
- Steps to Development Success



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### ANNUAL APPEALS

- Tell your success stories
- Clearly articulate needs
- Provide yearly history
- Make donors and board members accountable
- Public statement of financials

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### ANNUAL APPEALS

- 100% board participation is required
- Seek current use funds
- Not the most ideal option for major gifts

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### SUCCESS STORY

- Share your annual appeal success stories

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### RELATIONSHIPS WITH DONORS: It IS all about donors...

- Key element of philanthropy
- Expressions of gratitude
- Continuing recognition
- Contact between donor and beneficiary
- Sound management of assets
- Creates a "link" with the donor that is never broken
- Trust, trust, trust

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### FOUR STEPS TO SUCCESS

- Networking and Referrals
- Presenting the Charity
- Involvement and Passion
- Making the “Ask”
- Follow-Up

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### STEPS TO SECURING A MAJOR GIFT

Each step is critical to the process of major gift fund raising

- |              |                |
|--------------|----------------|
| 1. Identify  | 6. Close       |
| 2. Qualify   | 7. Acknowledge |
| 3. Cultivate | 8. Steward     |
| 4. Involve   | 9. Recognize   |
| 5. Ask       |                |

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### STRATEGIC STEPS TO A MAJOR GIFT

- Identification of the prospect
  - Does the prospect have the financial capacity to make a major gift to the institution?
  - Do we know the prospect’s financial base?
  - Do we know the prospect’s standard of living?

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### STRATEGIC STEPS TO A MAJOR GIFT

- Research and qualify the prospect
  - What are the prospect's potential interests and priorities?
  - Does the prospect have a relationship with the institution?
  - Do others in his or her family have a relationship?
  - What form of assets make up the prospect's wealth?
  - Is the prospect known as a philanthropist?

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### MOVES MANAGEMENT

- Develop a customized strategy for each prospect;
- Track relationship with each prospect;
- Plan contacts (or moves) for each prospect (goal: one per month for each prospect - actual average should be 5-10 per major prospect per year);
- May be phone call, letter, report or personal visit;
- Each move should have a specific objective that brings prospect closer to solicitation; and
- To be effective a move must penetrate the consciousness of the prospect regarding the institution or giving opportunity-start with your story.

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### STRATEGIC STEPS TO A MAJOR GIFT

- Research and qualify the prospect
  - Where else has the prospect made gifts?
  - Who are the prospect's best friends?
  - Does the institution know his or her best friends, and do they have a relationship with the organization?
  - What information do we still need to build a cultivation and gift strategy?

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### STRATEGIC STEPS TO A MAJOR GIFT

- Development of a cultivation and solicitation strategy
  - What kind of contact have we had with the prospect?
  - What are the prospect's interests, and do they match the interests of the institution?
  - What does the prospect need to know, feel, and experience to bring about a major gift commitment?

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### STRATEGIC STEPS TO A MAJOR GIFT

- Development of a cultivation and solicitation strategy
  - Who within and outside the organization needs to be involved in cultivating and/or soliciting the prospect?
  - Who do we know that can best open a door to the prospect?
  - How long of a cultivation cycle do we need?
  - Is it too early to develop a tentative time frame for solicitation?

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### STRATEGIC STEPS TO A MAJOR GIFT

- Involving the prospect in the institution
  - How do we build a bridge between the prospect and the organization?
  - What are the prospect's attitudes and concerns about the organization?
  - What appears to be the important factors in why the prospect might make a major gift?
  - How can we satisfy the prospect's interests and needs with meaningful participation?

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## STRATEGIC STEPS TO A MAJOR GIFT

- **Involving the prospect in the institution**
  - Who outside the organization is most respected by the prospect? Do we have a relationship with this person?
  - If there is a spouse, are his/her interests similar to the prospect's interests?
  - Are decisions for gifts a joint decision by prospect and spouse?
  - Is there a dominant spouse that is more influential in gift decisions?
  - Does any of this affect our time frame for solicitation?

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## STRATEGIC STEPS TO A MAJOR GIFT

- **Finalizing the prospect evaluation, size of the gift request, and the proposal**
  - Have we assessed the prospect's readiness for solicitation?
  - Are we sure of the size of the gift request and completeness of the proposal?
  - Is the prospect ready to be solicited?
  - Who is going to be involved in asking? Do we have appropriate volunteers and/or staff making the ask?
  - Are we in agreement regarding the size of the request?
  - Is it a quality proposal and done in a way that is appropriate to the donor?

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## STRATEGIC STEPS TO A MAJOR GIFT

- **Finalizing the prospect evaluation, size of the gift request, and the proposal**
  - Who else from the potential benefactor's family should be involved in the solicitation?
  - Has the appointment been made for the solicitation?
  - Are those making the solicitation adequately prepared?
  - Do the solicitors understand the nature of the proposal?
  - Who is responsible for outlining and presenting the proposal and making the ask?
  - Do we have a fall-back position?
  - Do we need any role playing prior to the solicitation?

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### STRATEGIC STEPS TO A MAJOR GIFT

- Making the ask; soliciting the prospect
  - Have we appropriately invited the prospect to consider an investment in the organization?
  - What is the prospect's reaction to the ask?
  - What are the crucial objections or concerns?
  - What needs to be done to facilitate an actual gift or pledge commitment?
  - Can we "read" the prospect and adapt accordingly?

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### STRATEGIC STEPS TO A MAJOR GIFT

- Making the close; negotiating the gift
  - Can we lead the prospect to a commitment?
  - What further concerns must be addressed?
  - Do we need to make alterations to the original request?
  - Was the prospect comfortable with those making the ask?

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### STRATEGIC STEPS TO A MAJOR GIFT

- Making the close; negotiating the gift
  - Do we need to bring in professional help (i.e., legal counsel, investment counsel, planned gift experts)?
  - Who is going to get back to the prospect in a timely fashion? One week? Two weeks? 7 to 10 days? Who takes ownership for follow up?

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## STRATEGIC STEPS TO A MAJOR GIFT

- **Acknowledgment, stewardship, recognition and follow through**
  - Who will express appreciation, thanks, and the importance of the gift to the organization?
  - How will the gift be announced, and who will be involved?
  - What kind of personal attention must be shown to the benefactor? Who is going to follow through on personal attention?

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## STRATEGIC STEPS TO A MAJOR GIFT

- **Acknowledgment, stewardship, recognition and follow through**
  - What are the opportunities for strengthening the donor's ties with the organization?
  - What is available for permanent recognition of the benefactor?
  - Is this donor a prime prospect for another major gift to the organization?
  - Who is charged with the responsibility of "not forgetting" about the donor?

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## TRAINING VOLUNTEERS

- Share your volunteer training success stories

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- Content and steps
- Success stories

**DIRECT MAIL**

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**CONTENT AND STEPS**

- For current use only
- Need driven
- Clear, concise message
- Call to action
- Impact

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 **SUCCESS STORIES**

- Share your success stories

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### SPECIAL EVENTS

- Statistically the least efficient way to fundraise for dollar return on dollars invested
- Generally best when used to cultivate relationships with donors and stewardship
- Only recommended if organization has capacity to implement effectively

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### CAMPAIGNS

- All successful campaigns have five major elements of success
  - Case
  - Plan
  - Leadership
  - Prospects
  - Volunteers

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### CAMPAIGN ELEMENTS

- Case
  - New, dynamic case
  - DVD available for solicitations
  - Convincing materials that highlight programs, people, volunteers and their generosity
- Plan
  - Board-approved plan
  - Willingness to make positive changes

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## CAMPAIGN ELEMENTS

- Leadership
  - Steering Committee
  - Major Gift solicitors
  - Local or Regional Leaders
- Prospects
  - Current donors, lapsed donors, friends, new prospects
- Volunteers
  - Strong leadership brings strong volunteers

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## WHY BUILD YOUR ENDOWMENT?

Mission/Vision	Financial
<ul style="list-style-type: none"> <li>• Program support               <ul style="list-style-type: none"> <li>– Grow existing programs</li> <li>– Initiate new programs</li> </ul> </li> <li>• Donors' interests               <ul style="list-style-type: none"> <li>– Option for gifts</li> <li>– Increases opportunity</li> </ul> </li> <li>• Secure Future of Organization</li> </ul>	<ul style="list-style-type: none"> <li>• Program support               <ul style="list-style-type: none"> <li>– Provide financial stability to focus on mission/vision</li> </ul> </li> <li>• Rainy day reserve</li> <li>• Asset for borrowing</li> <li>• Improve revenue mix               <ul style="list-style-type: none"> <li>– In addition to all development, program revenue streams</li> </ul> </li> </ul>

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## MATURING DEVELOPMENT OPTIONS

- Endowments are a logical step in the development process
  - Allow for **long-term donor relationships**
  - Give the donor the opportunity to make a significant gift on the **donor's time frame**, not the organization's
  - Option for major giving - unlike annual, etc.
  - Creates a **legacy** for the future - the next 50-100 years

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## MANAGING THE ENDOWMENT

- Long-term growth
- Fixed draw: 5% each year, as example
  - Rolling quarters concept, not yearly
- Invasion of principle
  - Policy on when or if
- Discontinuing an endowment
  - If organization merges, programs cease
- Expenses
  - What is reasonable?
  - How to charge **administrative expenses** to an endowment
- Tracking Endowment Gifts
  - Endowment vs. Current Use: accounting procedures and gift management

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## STEPS TO SUCCESS

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## Key Internal Elements

<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Trained, motivated volunteers</li> <li>• Trained, motivated staff</li> <li>• A plan with goals and timelines</li> <li>• A procedure for reporting success and challenges</li> </ul>	<ul style="list-style-type: none"> <li>• Accurate, current database</li> <li>• Other</li> </ul>
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## SENSIBILITIES

- Go beyond the ordinary to meet donors' needs
- Volunteers should be thanked often
- People give to people, not causes
- Passion and Urgency
- If you (board, volunteers, staff) are not passionate, why should a prospect be?

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## QUESTIONS and ANSWERS

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