

PaLA Pennsylvania Library Association

PRE-CONFERENCE:
 “Fire Up Your Fundraising”

How to create a successful and recurring fundraising plan for your Library

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 FUND RAISING MATTERS

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A Crowded Landscape

where Libraries will have to compete

- 1,561,616 tax-exempt organizations in U.S.
 - 1,088,447 public 501(c)(3) charities
 - Between 2005 and 2015 the number of public charities grew 28.4 percent, and is now 69.7 percent of the sector
- 113,676 tax exempt organizations in PA
 - \$347 Billion in Assets - \$208 Billion in annual income.
- \$5,508 itemized contributions by filer in 2017

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Where does the money come from?

Total Giving 2018 = \$ 427.71 billion (+0.7%)

- Individuals = \$292.09 billion
- Foundations = \$ 75.86 billion
- Bequests = \$ 39.71 billion
- Corporations = \$ 20.05 billion

NOTE: Nearly 50% of all foundation giving came from private family foundations (+ donor advised funds), directed by individuals. Combined, individuals accounted for nearly 86% of all gifts.

(Giving USA 2019)

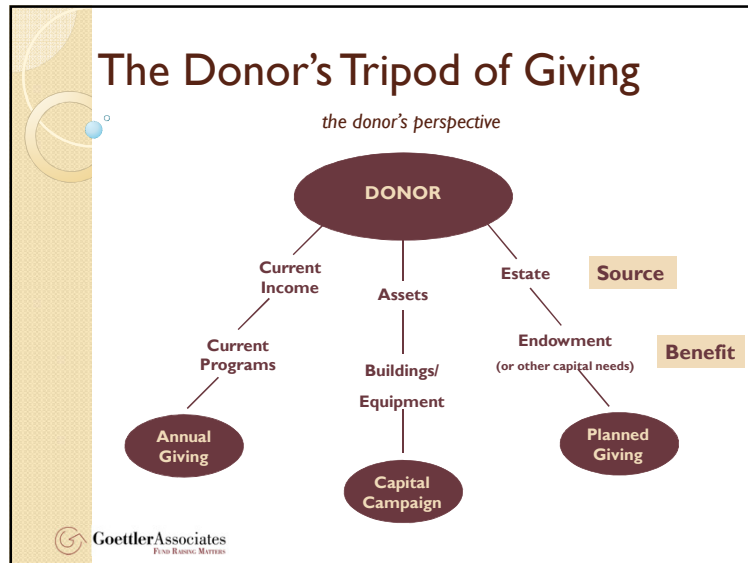
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Giving USA 2019

In 2018....

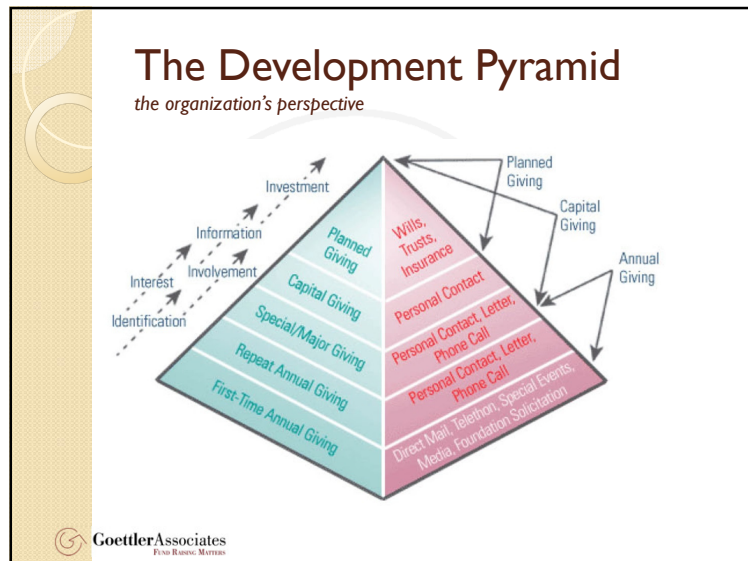
- Religion declined the most (3.9%) – traditionally the bedrock of giving
- Education is down 3.7% - traditionally the recipient of large gifts to university capital campaigns and research institutes
- Human Services & Health – remained steady
- Arts/Culture/Humanities – steady after a big increase last year
- Animals/Environment/Public Benefit – increased 3.6% continuing a recent upward trend

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- ### A Fundraising Program
- Fundraising in its simplest form is a revolving process involving five steps:
 - Identification
 - Qualification / Prioritization
 - Cultivation
 - Solicitation
 - Stewardship (*donor retention*)

... and repeat
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- ### From Transaction to Transformation
- **Fundraising** – a simple transaction - ask for and receive money.
 - **Donor Development** – building donor relationships to increase involvement and financial commitment
 - **Institutional Advancement** – focus on institution-wide engagement of community relationships, based on shared vision and values to advance community, and transformational investment in your library
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What is Institutional Advancement

A "Culture of Philanthropy"

institutional advancement, 1) a process of building awareness and support from all constituent bodies. **2)** the programs within an institution that relate to its constituency, including development, public relations, marketing, communications and government relations.

- An organization-wide commitment to mission, vision and values and to building relationships
- Understanding each interaction with anyone from the community is part of the development process
- Everyone thinks "development" (of relationships)
- Staff and volunteers understand the importance and purpose of the Library (impact)
- Patrons, individuals, teachers, families, students, employees, donors and volunteers feel the culture when they are with you

What We Know About Donors

demographics

- Overall giving is about 2% of personal income
- Giving as a % of income tends to go down as income rises
- Giving as a % of income tends to go up with age
- Married people tend to give more than single people
- Volunteers give more than non-volunteers
- Members of organized religious groups tend to give more than those who are not members of such groups.

Philanthropic Giving Behavior

psychographics

PEOPLE DO:

- Give money because they want to
- Give money to people - best person to ask is a person well respected by the donor
- Give money to opportunities, not needs
- Give money to success, not distress
- Give money to make a change for the better

PEOPLE DO NOT:

- Give unless they are asked
- Make large gifts unless they are asked to make large gifts

What are the *right* fundraising methods for your Library?

- Special events
- Direct mail, email, social media
- Annual appeal
- Major gifts
- Grants
- "Capital" campaign
- Planned or testamentary giving

Who Are the Donors?

Consider proximity, pathways & influence

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The Ladder of Effectiveness

- The top step is the most effective method of asking for a gift; and, the bottom step the least effective.
- The "cost" and resources required increase with each step.
- The more personal the ask, the higher the probability of success.

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Determining Your Metrics

- How much money do you need to raise?
- What is the typical size and range of (major) gifts to your library?
 - These are gifts to the annual fund that are not related to grants or special events.
- Fundraising goal divided by number of gifts (averages can deceive) at various gift levels equals:
 - number of gifts you need to successfully identify, cultivate, solicit and close.

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Organization Matters

- There is more to successful fundraising than just the "right ask"
 - The charitable purpose/mission matters
 - The structure of organization must support FR\$ and mission
 - The concept of development and institutional advancement
 - Sufficient resources
 - A track record ... of success, impact, and relationships
- No one gives away money, donors invest in the future ...

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Increase positive awareness and visibility of your organization


- Your organization needs a written plan and strategy to set goals and priorities
- A well-conceived strategic plan and a compelling case for support are essential FR tools
- Communication materials to deliver a well-crafted message (to support volunteers)
- Empower staff to become involved
- **Energize trustees, volunteers and others for involvement in the process**

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Why People Stop Giving?

- 5% - Charity did not need them
- 8% - No information on how the gift was used
- 9% - No memory of supporting
- 18% - Poor service or communication

53% of donors leave because of a charity's lack of communication



Customers	Donors
1% Death	5% Thought charity did not need them
3% Relocation	8% No info on how money was used
5% Lured by a competitor	9% No memory of supporting
9% Lower Price	13% Never got thanked for donating
14% Poor Customer Service	16% Death
68% Indifference to Supplier	18% Poor service or communication
	36% Didn't enjoy giving
	54% Could not longer afford

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The Development Plan


GOAL: to provide opportunities for donors to give philanthropic support to an organization that matches their interests, needs or values.

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Four Deadliest Mistakes

...a fundraiser can make in a challenging economy:

- #1 Spend less on fundraising.
- #2 Become pessimistic.
- #3 Apologize when asking for money.
- #4 Not Asking!

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What Should You be Doing ?

What you should have been doing all along!

- Planning
- Analysis
- Communication
- Donor Stewardship

Focus on the Fundamentals!




Pre-Plan Analysis

Before writing your annual development plan, you need to determine:

- Target audiences
- Target programs
- Target methodology

Remember: people still give to people!



Elements of a Comprehensive Plan


- ✓ Agency Mission
- ✓ Case Statement for agency and for each project
- ✓ Overall development goals
- ✓ Fundraising projections
- ✓ Table of gifts
- ✓ Methods & strategies
- ✓ Metrics/Evaluation



Evaluation: Development Metrics

Major Donor Fundraising Goal	\$150,000
Average Historic Major Gift Amount	\$ 5,000
# of Gifts Needed to Close to Reach Goal	30
# of Solicitations Needed <small>(conversion rate 1 in 3)</small>	90
#Visits Needed to Qualify/Cultivate/Ask/Close <small>(at least)</small>	240
• With top prospects	60
• With middle prospects	120
• With qualification names	60

- Annual Activity 240 visits = 30 solicitation = 10 gifts
- Monthly Activity 20 visits = 3 solicitations = 1 gift



A Comprehensive Development Plan...

- Includes methods and strategies for each target audience and program
- Development structure:
 - prospect identification & research
 - cultivation program
 - appeals & fundraising programs
 - recognition & stewardship
- Identify fundable projects and programs (*marketplace perspective*)
- Involves board, staff, and donors
- Has a structure for evaluation through metric analysis

A Comprehensive Plan

...using annual giving strategies should include:

- Agency mission statement
The mission justifies fundraising. The act of asking for funds is validated when the agency asking for funds meets a need based on the shared values of society.

A Comprehensive Plan ...

...contains overall development goals.

This section of the annual development plan should focus on the most global types of development goals:

- ✓ Donor acquisition, retention, and upgrading
- ✓ Donor awareness for charitable mission and relationship building
- ✓ Philanthropic need for growth/expansion
- ✓ Each funding goal should be supported by objectives

A Comprehensive Plan ...


...includes fundraising projections: income & expenses.

- ✓ This section of the development plan lists each development project separately, with projections by functional line item for gross income, net income and expenses.
- ✓ Should include a financial section that gives a profile of annual giving and an annual gift range chart.
- ✓ A matrix for each project: history and projections based on well-reasoned analysis.

A Comprehensive Plan ...

Provides an Executive Summary:


- Background and Overview
- Description of Process
- Definition of Elements & Trends
- Critical Considerations



A Comprehensive Plan ...


...using annual giving strategies should include:

- A Fundraising Campaign Matrix




A Sample Matrix: XYZ Library

Program / Event—Appeal	Goal	Children's Early Literacy	A Safe Place for Teens (after-school)	Adult Technology Support	Speaker Series
Golf Outing	\$125,000	\$60,000			
Memorial/ Tributes	\$50,000			\$50,000	
Third Party	\$45,000	\$12,000	\$12,000	\$6,000	\$15,000
Fun Run	\$25,000	\$25,000			
Gala Dinner	\$110,000				\$110,000
Board Gifts	\$90,000	\$20,000	\$20,000	\$20,000	\$30,000
Employees	\$35,000	\$9,000	\$8,000	\$8,000	\$15,000
Direct Mail	\$275,000	\$75,000	\$75,000	\$50,000	\$75,000




A Comprehensive Plan

- Includes methods and strategies for each target audience and program
- Has a structure for evaluation through metric analysis




The Plan Should

- Help staff and board set realistic income goals
- Outline strategic steps to reach those goals
- Outline board and staff responsibilities in accomplishing the plan




Financial Goals

- Compares prior year Actual Income with current year Projected Income.
- Expresses income line item projections as a % of total goal.
- Can be expressed as monthly actual vs. projected income.
- Should incorporate adjustments made for current economy e.g. lowering projections for foundation gifts (rolling averages).



Example: \$720,000 Operating Budget

Income	FY2017 Actual	FY2018 Projected	% of 2018 Income
Gov't	\$350,000	\$375,000	52%
Fdn.	\$50,000	\$55,000	8%
Corp.	\$50,000	\$60,000	8%
Major	\$100,000	\$130,000	18%
Events	\$75,000	\$100,000	14%




Method & Strategies for Each Project

Each development activity should have a separate section in the development plan.


Each project section should include:

- ✓ Summary
- ✓ Goals and objectives
- ✓ Definition of Roles & Responsibilities
- ✓ Activity timeline and schedule



Plan Elements: Example

Major Gifts
 History & Overview
 Issues/Challenges/Opportunities
 Primary Recommendation
 \$\$Goals
 Methods
 Time Frame
 Assigns those Responsibility
 Metrics/Evaluation




Major Gifts vs. Annual Campaign

In an economic downturn, smaller gifts become optional – may become smaller or disappear. Changes in tax laws and itemization seems to have changed the landscape.


2019 FEP Report: Fewer donors giving larger gifts but retention rates still below 50% overall.

Are we headed for a recession? It depends on who you ask.




Donor Stewardship

- **Steward with dignity.** In this economy, they may need you to be more flexible in how/when they give their gift.
- **Steward with flexibility.** Offer long-term options or combinations of giving methods that fit their financial realities.
- **Steward with foresight.** In uncertain times, giving through wills and estates can be attractive options.



Stewardship Calendar

	Jan	Mar	May	June	Sept	Oct
	1-on-1	Tours	ED letter	newsletter	Annual Meeting	Donor Event
\$2,500+	x	x	x	x	x	x
\$1,000-\$2,499	x	x	x	x	x	
\$500-\$999		x	x	x	x	
\$250-\$499		x	x	x		
\$100-\$249		x		x		
\$1-\$99				x		



Plan Segments

- Executive Summary
- Board Manual
- Matrix (FEP)
- Strategies for Income Streams
 - Board Gifts
 - Major Gifts (\$1,000+)
 - Individual
 - Corporations & Foundations
 - Special Events
- Donor Stewardship Calendar
- Concluding Remarks



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