PaLA 2019: Fire Up Your Fundraising

PRE-CONFERENCE:
“Fire Up Your Fundraising”

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

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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

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)

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
The Donor’s Tripod of Giving

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

www.goettler.com 800/521-4827
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

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.

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.

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 ...
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

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

The Development Plan

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

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!
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 (conversion rate 1 in 3): 90
- # Visits Needed to Qualify/Cultivate/Ask/Close: 240
  - With top prospects: 60
  - With middle prospects: 120
  - With qualification names: 60
- Annual Activity: 240 visits = 30 solicitations = 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 Sample Matrix: XYZ Library

<table>
<thead>
<tr>
<th>Program / Event / Appeal</th>
<th>Goal</th>
<th>Children's Early Literacy</th>
<th>A Safe Place for Teens (after-school)</th>
<th>Adult Technology Support</th>
<th>Speaker Series</th>
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<tr>
<td>Golf Outing</td>
<td>$125,000</td>
<td>$60,000</td>
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<td>Memorial Tributes</td>
<td>$50,000</td>
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<td>Third Party</td>
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<td>$12,000</td>
<td>$12,000</td>
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<tr>
<td>Gala Dinner</td>
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<td>Board Gifts</td>
<td>$90,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
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<td>Employees</td>
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<td>Direct Mail</td>
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A Comprehensive Plan …

…using annual giving strategies should include:
- A Fundraising Campaign Matrix

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

<table>
<thead>
<tr>
<th>Income</th>
<th>FY2017 Actual</th>
<th>FY2018 Projected</th>
<th>% of 2018 Income</th>
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<tr>
<td>Gov't</td>
<td>$350,000</td>
<td>$375,000</td>
<td>52%</td>
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<td>Fdn.</td>
<td>$50,000</td>
<td>$55,000</td>
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<tr>
<td>Corp.</td>
<td>$50,000</td>
<td>$60,000</td>
<td>8%</td>
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<tr>
<td>Major</td>
<td>$100,000</td>
<td>$130,000</td>
<td>18%</td>
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<tr>
<td>Events</td>
<td>$75,000</td>
<td>$100,000</td>
<td>14%</td>
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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

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.

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.

Stewardship Calendar

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<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
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<td>Donor Event</td>
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$2,500+       | x   | x   | x   | x   | x   | x
$1,000-$2,499 | x   | x   | x   | x   | x
$500-$999    |     |     | 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