

The Goettler Series
To Advance
The Business of Philanthropy

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The Planning Study

*Foundation for
a Successful Campaign*

The Goettler Series

This article is one of a series on what we at Goettler Associates consider to be the essential elements of fund raising and institutional development today.

We have developed this series in response to interest expressed by our clients and our colleagues in the field.

One must, however, always exercise caution in writing an article as a guide or “how-to” piece. While the article addresses general principles, each philanthropic institution finds itself in different circumstances.

We like to think that one of the qualities that distinguishes Goettler Associates in the fund-raising field is our recognition of this fact: that each institution, each campaign, each situation is different, and that each requires the experience and skills of a team of professionals to listen, learn, analyze, and interpret — and then to organize and carry out the strategy appropriate to the specific circumstances.

On the other hand, we also recognize the need to increase awareness of the time-tested principles of successful fund raising and to advance the “state of the art,” so to speak. We intend this series to be an important contribution in this respect.

This series may also help you understand how we think and how we approach fund development and advancing our philanthropic sector. We hope that it will provoke questions — and that you’ll call us for answers.

The Planning Study

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Volume 2 of *The Goettler Series* has been designed to provide both a theoretical and a practical overview of the campaign planning study. It is our hope that these pages will introduce you to the benefits of the study, as well as to the role played by professional fund-raising counsel.

The planning study can be one of the most important components of your organization's capital or endowment campaign. The information collected and interpreted can be crucial to success. It is often the first important pre-campaign contact with potential donors and your campaign leadership.

The study also allows your planning committee the benefit of a "dry run" to identify problems before the start of your campaign, and establish expectations for the operation of the capital campaign.

Must a planning study precede every capital or endowment campaign? Not necessarily. You might be able to forego the study — if you already have the information you would ordinarily gain through a study, and if you have already identified your prospective major donors and campaign leaders and made them aware of your future plans.

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For other organizations, the particular details of the campaign itself may require that some preliminary work be done before a study is conducted. If the development objectives represent a fundamental departure from the community's perceptions and expectations of your organization, intense donor cultivation is required. This will help donors understand why the organization is considering a drastic change — such as a new direction in programs, or a fund-raising objective far greater than any previous campaign. Once this cultivation has occurred, a study might still be necessary to gauge the donors' acceptance of the new concepts.

A successful capital or endowment campaign may well shape the future of your organization. Of course, you want to do whatever is necessary to raise the funds that your proposed objectives require, and a first step in that direction for most nonprofit organizations is the planning study. We hope that this publication answers some of your questions about the planning study, and we wish you every success for the future of your organization.

Why Conduct a Planning Study?

No prudent business would launch a new product or service without first determining that a market for it actually exists. Likewise, the planning study samples the philanthropic

community's perceptions about your proposed campaign, but also about your organization as well. In doing so, it provides you with information you will need to develop the most effective campaign — before the campaign begins, when adjustments are still manageable.

A planning study provides you with information you will need to develop the most effective campaign

A planning study prepares your organization for a successful campaign in important ways:

- The study is an instrument for probing donors' thoughts about the goals and objectives of the proposed campaign. With the guidance of senior management professionals, the study director evaluates the extent of community support (or lack of support) for your organization's plans, and helps to establish an attainable dollar goal for the campaign.
- In the event that counsel recommends proceeding with a campaign, the planning study provides a body of valuable information that will help lead the way to a successful conclusion. Campaign leaders and workers are identified, potential pitfalls are flagged, and pathways to major donors are determined.

If fund-raising counsel concludes that a campaign would not be appropriate at that time, the information collected nevertheless provides the institution with invaluable guidance in correcting problem areas.

- The study will be the first notice to community leaders that your organization is considering a campaign. As such, the study becomes an important tool to cultivate key donor prospects. It also is the first approach made to potential campaign leaders.

Campaign leaders and workers are identified, potential pitfalls are flagged, and pathways to major donors are determined.

Even if the study indicates that your organization is not in a position to launch a successful capital campaign, counsel will be equipped to provide guidance for strengthening your fund-raising potential. If these recommendations are implemented, your organization may eventually be in a position to conduct a campaign with confidence.

Whether the study indicates “go” or “wait,” it provides objective reassurance that your organization is on the right track.

What must be done to Prepare for a Planning Study?

There are a number of preparatory steps that an organization may take in anticipation of the study. Not all organizations will have taken each of these steps prior to a study, but being prepared for most of them can facilitate the process and contribute directly to its success.

□ **Organizational Mission.** The organization should have a realistic, relevant mission statement that is accepted by the organization’s family and is the focus of its activities and programs. If it does not, the study may present an ideal opportunity to formulate one or to revise an outdated statement.

□ **Commitment.** Before the study begins, the Board, administration, staff, and volunteers should be prepared to make a shared commitment to promote and support the study — and eventually the campaign — to the best of their abilities. General reluctance to do so probably does not bode well either for the study or a campaign.

□ **The Strategic Plan.** The Board and administration should have developed or updated a strategic plan that reflects sound administrative practices, including both short- and long-term objectives. This may be a formal plan, or a modest list of dreams for the future. Bear in mind that major donor prospects must be convinced that their investment in an organi-

zation is capable of achieving commonly shared goals. Nevertheless, the plan at this point is still open-ended, and should not be considered complete until the study is concluded.¹

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❑ **Financial Accountability.** The organization's finances should be in order and describable in language that the business sector will appreciate. An occasional year-end deficit is not necessarily a problem if the long-term picture indicates overall financial stability. Of particular interest to persons interviewed in the study will be whether the organization can show that it will be able to care for and maintain its capital improvements after the campaign and the construction are finished.

❑ **Donor Constituency.** The donor constituency should be clearly defined and its giving history available for analysis.

❑ **Campaign Readiness.** The Board and administration should be prepared to follow through with a campaign, if that is the recommendation of counsel. Reservations on this point conceivably could compromise the validity of the study.

¹You can learn more about preparing a strategic plan by referring to *Volume 5 of The Goettler Series*.

What are the Steps in the Planning Study?

Most often, a planning study is a prelude to a capital campaign. When conducted thoughtfully and professionally, the study can become the foundation upon which a successful campaign is built.

As the first stage in a campaign, the study itself involves a number of sequential steps. The successful organization takes these steps carefully, with the guidance of professional counsel, making sure that each individual involved is informed and feels a sense of ownership in the process. In fact, the study provides an opportunity to develop a strong, effective relationship between your organization, your community's leaders, and fund-raising counsel.

A special committee of the Board should be assembled to interview and select fund-raising counsel. This process will provide an opportunity to educate the Trustees about their important role in the fund-raising process.²

The study director and his or her firm's senior management assist in every step of the process, up to the point where the decision is made whether or not to conduct a campaign.²

❑ **Building a Consensus.** The consultants meet initially with the administration and perhaps also the planning committee to discuss any questions, solidify support for the study pro-

²For a complete discussion of how to select fund-raising counsel, please refer to *Volume 6 of The Goettler Series, The Role of Fund-Raising Counsel*.

cess, finalize organizational priorities, and clarify the role of each participant.

□ **The Case for Support.**³ A variety of information is collected for writing the *preliminary* case for support. This may require half a dozen or so interviews with “family” and influential community leaders, as well as access to fiscal and public-relations materials, internal planning documents, and information on the community from local government, Chamber of Commerce, and other sources. It is important for counsel to review as much information as possible in order to find the “hook” that will best arouse the interest of the interviewees, and to ensure that *all* significant aspects of the proposed campaign will be reflected in the case. Selected administrators and Board members may assist in fine tuning the document before it is put into use.

The study provides an opportunity to develop a strong, effective relationship between your organization, your community’s leaders, and fundraising counsel.

The preliminary case is a professionally written two- to three-page narrative that summarizes the proposed campaign goals in terms which

will relate to the interests of potential donors and campaign leaders. While it is basically factual, the case should lean subtly toward the perspective of potential donors without being overtly promotional. It emphasizes the value of the organization to the community and unveils new plans for the future. The study director uses the preliminary case to test the possibility of the campaign.

□ **The Interviewee List.** The administration and the planning committee, assisted by fundraising counsel, develop the list of persons to be interviewed. Those selected include prospective major donors in addition to other community leaders whose interest the organization intends to cultivate. When completed, the list should include everyone (whether or not they are actively involved with the organization) who has the ability to give or to secure the major gifts.

The number of interviews conducted is not of primary importance; rather it is the *quality* of those interviewed and the information they provide. For a community-based organization, the list typically contains 70 to 100 suitable names, with the object of achieving 50 to 60 interviews. If an organization has significant concentrations of donors in more than one city or state, then a greater number of interviews will be needed.

³Volume 4 of *The Goettler Series, The Case for Support*, will tell more about preparing this document.

□ **The Invitation.** After the list has been finalized, your organization sends each interviewee a letter containing a brief introductory statement about the project, a copy of the preliminary case, and a request for an appointment to discuss the proposed plans. Each person is then contacted to schedule the interview. In the case of major prospects — especially those who are not very close to your organization — this follow-up call needs to be placed by an influential peer.

The number of interviews conducted is not of primary importance; rather it is the quality of those interviewed and the information they provide.

□ **The Questionnaire.** Working with the organization, counsel develops a customized questionnaire. Neither a true/false exercise nor a rigorous statistical survey, the questionnaire is intended to collect information in a private, introspective environment. It is not necessary that every question be asked of every interview subject. What *is* important is that the study director elicits the most significant information that the interviewee has to offer.

□ **The Interview.** The process of interviewing is the process of listening, of seeking advice and counsel — of cultivating an advocate for the organization before anyone ever asks for money. The interview should be conducted one-on-one, preferably in the interviewee’s office or home. Confidentiality of the interviewee’s identity and comments should be stressed. No direct quotes are ever attributed in the study report.

In special circumstances, it may be a good idea to conduct a limited number of focus groups as a part of the study. These informal discussions can involve individuals who may not make large financial contributions to the campaign, but can play a key role in its eventual success (e.g., the faculty of a school, or the congregation of a church-related organization).

What will be Learned from the Study?

After the interviews are completed, the information is collated, summarized, and carefully assessed. This is where the study process becomes less a science and more an art. The perceptions and impressions gained by the study director will be combined with the collective wisdom of the consulting firm, enhancing the study with the fund-raising experience of seasoned professionals.

□ **The Study Report; Formal Presentation of Findings.** The information gathered during the study, and the analysis derived from it, are organized into a substantial publication—the study report. It contains the interpretation of the interviews, findings and conclusions, recommendations, copies of the study documents, and a synopsis of representative (but anonymous) quotes from the interviews.

The process of interviewing is the process of listening, of seeking advice and counsel—of cultivating.

A formal presentation of the study findings is made before the members of the Board and administration, giving them the opportunity to discuss the study results with counsel in detail. By the end of the study, not only will you know how much money can be raised, but other important questions will be answered as well:

- ✓ *What is the organization's image in the eyes of the community, and how can that image be improved?*
- ✓ *What are the strengths of the organization, and what areas need to be strengthened?*

- ✓ *Will donors generally support the proposed campaign objectives? Which of the objectives were deemed most appropriate?*
- ✓ *As suggested by the interviewees, who will give, and at what level? Who can best provide leadership for the campaign, and is he or she willing to serve? (This information is not ordinarily made available to the general public.)*
- ✓ *How well received was the preliminary case for support?*
- ✓ *What are the current economic conditions, and how will the constituents' perceptions of them affect the campaign?*
- ✓ *What would be the most appropriate time to launch a campaign?*

The consulting firm will be in a position to recommend the best course to follow. Most often, the recommendation will fall into one of four categories:

1. Yes: continue to build the momentum launched by the study, and proceed to the first phase of an active campaign.
2. Yes: conduct a campaign, but make adjustments before starting, such as fine tuning your goal, repositioning the organization, or promoting awareness of your organization and its campaign goals through a highly focused cultivation program.

3. Not now, later: perhaps the economy is unfavorable, campaign leaders are unavailable for the time being, or there has been too much recent competition for philanthropic dollars.
4. No: a campaign is not feasible until certain impediments are removed. Possibilities might include unresolved philosophical disagreements among Board members, an inadequate case for support, lack of leadership or leadership gifts, or a negative or weak public image that were not significantly improved during the study.

If a campaign is recommended, the leadership and prospective major gifts by now have been identified. The prospect base is sharply defined. Reasons to support the campaign have been presented as compelling and urgent. A distinct sense of ownership has been cultivated among Board, family, and other interviewees. In short, the study has created a solid foundation for the successful campaign to follow. For these reasons, the organization should take advantage of the momentum it has gained and enter into a campaign immediately.⁴

In short, the study has created a solid foundation for the successful campaign to follow.

Why have an Outside Consultant conduct your Study?

It may at first seem reasonable for your organization to manage its own planning study. After all, who knows more about the organization's accomplishments, or the appreciation expressed by its constituency over the years? Who better knows the donor histories, the tried-and-true funding sources, the mix of personalities that forms the core of the philanthropic community? Very true, and it is the role of professional counsel to incorporate this knowledge into the study, as well as to provide the objectivity and candid analysis that can only come from outside an organization.

It is important to bear in mind that as a marketing activity, the scope of the study is actually the opposite of a public relations or development function. Rather than actively promoting the organization's activities, services, and plans, the study *calls them into question*.

The study is your organization's reality check. For it to be valid, ongoing assumptions and habits must be reviewed, revised, and if necessary, removed from the equation.

An outside consultant can bring several important qualities to your planning study:

⁴To learn more about preparing for a capital campaign, request a copy of *Ready! Set! Go!*, Volume 1 of *The Goettler Series*.

□ **Confidentiality and Objectivity.** Board members, speaking in private with a neutral consultant, may be more open about issues such as opportunities they would like to explore, a persistent organizational difficulty, or perceived hazards in the way of a successful campaign. Representing no special factional interests, counsel can build an all-important consensus—and enthusiasm for a prospective campaign—within the family.

During the interviews, independent counsel has the prerogative to ask questions or broach sensitive issues that may have eluded open discussion. Outside counsel can induce the organization's family to sharpen its self-awareness and its understanding of the planning objectives.

By the same token, outside counsel is an ideal facilitator for focus groups when they are a part of the study. As a neutral participant, counsel elicits productive discussion in a non-threatening way.

□ **Experience.** An established fund-raising firm provides a client with the benefit of many years of professional experience. They know how to identify the best interviewees for the study, and how best to interpret the findings. Experience also saves time in directing volunteers and resources in support of the study's activities.

□ **Credibility.** The consultants' expertise, objectivity, and professionalism bring credibility to an organization and its proposed campaign. This credibility is further strengthened when the study director represents an established fund-raising firm, and may draw upon its personnel and informational resources.

The study is your organization's reality check.

□ **Flexibility.** Organizational programs and plans cannot exist apart from the perceptions and opinions surrounding them. The fund-raising consultant must know how to achieve—and sustain—the optimal mix of fact and opinion. The truism is that no two campaigns will ever be alike, nor will they copy the textbook examples. The experienced consulting team commences each study as a novel situation, and creates strategies that ultimately will yield the *most desirable* results.

The consultants' expertise, objectivity, and professionalism bring credibility to an organization and its proposed campaign.

□ **Discovery.** One of the most valuable contributions that the consultant can make is to discover new opportunities and new prospects for organizational development. The study may reveal pathways to these prospects, and demonstrate how your organization's goals match the donors' own aspirations for the future. Finally, one of the most gratifying discoveries of a study may be the depth of the support and enthusiasm expressed by the organization's employees and volunteers.

The Foundation for Success

The planning study, then, is a practical tool for helping to assure the future success of a campaign and the organization on whose behalf it is conducted. It gives direction to the future of the organization from a broad marketing perspective, as well as provide a solid foundation for the campaign. Properly planned and conducted, it can well mean the difference between a costly, embarrassing failure and a resounding success.

Case Studies

The planning study can be an essential first step in a successful capital campaign. These three examples illustrate the benefits of a well-planned and executed study, and the risks of not conducting a study. Although the examples are hypothetical, they are compiled from actual situations encountered by fund-raising counsel in many years of service.

Case Study:

The North-Central Rehabilitation Agency

The North-Central Rehabilitation Agency had reached a plateau in its development as the region's primary rehabilitative services provider. One of the primary goals for most of the Agency's clients was to gain independent employment; and for some time, the Agency had wanted to add vocational training to its services. However, that would require constructing and equipping a free-standing building, which would cost about \$2.5 million.

At the urging of two influential community leaders, the Agency's Board decided to seek the \$2.5 million in a capital campaign. The Agency rented the local country club's dining

room for a dinner meeting and invited many local residents and business people who had attended its annual golf outing. Members of the news media also were there, as were professionals from area medical and educational facilities.

Agency officials were delighted by the large turn-out for the banquet. A local architectural firm presented the building plans. The Finance Committee presented a proposed schedule of capital expenditures and repayment based heavily on philanthropic support. As guests left, they were reminded of the need for the project; given a brochure, pledge card and return envelope; and thanked for attending.

Soon thereafter, *nothing happened*. Three weeks went by, then a month. At this point, the Agency director made some exploratory phone calls and discovered that there were questions in the community about possibly duplicating the training services of the county's vocational-technical school. Some prospective donors—who had attended the kick-off—confided they did not believe that \$2.5 million could be raised. Others were unsure whether the planned upgrade in services would adequately address the area's needs. Several said they had assumed they could redirect their next year's annual gift into the campaign pot.

Acting quickly, the Agency asked a fund-raising consultant firm to evaluate the situation. After some discussion, the consultant explained how a planning study could have revealed the prospective donors' reservations about the campaign in time to address them. The consultant then led the client through the successive steps in the "typical" study, pointing out several areas where local conditions would alter the standard procedures. Counsel felt that, in this particular case, it was not too late for the Agency to benefit from a planning study. The Board agreed, and put the campaign on hold until a study could be completed.

Case Study:

Southwestern History Museum

The Southwestern History Museum offered educational and entertaining exhibits of artifacts and decorative arts created in the region over the past 900 years. The Museum has attracted nearly 150,000 visitors each year, and served as a supplement to the area's important tourism industry. Fully accredited and with stable budgets and strong staffing, the Board and administration felt that the Museum was securely on course . . . that is, until opportunity struck.

The Museum's director knew about Gladys Taunton's large collection of paintings and sculpture by the country's premier western

artists. The assumption had been that some day the collection would go to The Capital City Museum of Art. Gladys, however, surprised — and excited — everyone at the Southwestern History Museum by offering *them* her entire collection, but only on the condition that a new wing be constructed to display the works.

The Board selected an established fund-raising firm to conduct a planning study. The Trustees wanted to know, more than anything else, how much money could be raised; they hoped for \$10 million.

Counsel explained that the study's preliminary case for support would have to test specific building plans, in addition to plans for providing for the extra staffing needed and an endowment for the maintenance of the new wing and the Taunton collection. Plans were then drawn up according to what construction would be necessary to display the collection appropriately, rather than an amount that people thought could be raised.

A preliminary case for support was written to show that the new wing would cost \$7 million to construct; additional space reconfiguration for offices, climate-controlled storage, and visitor amenities would cost \$3 million. The Museum would protect its capital investment in the new wing by establishing an endowment of \$2.5 million to cover the cost of maintaining the structure and ensuring environmental standards. The case statement explained that Museum officials expected admissions and memberships

to rise significantly after the new wing opened, thereby generating the funds required to cover the additional paid staff. The study would test a campaign goal of \$12.5 million.

Anticipating the results of the study, the Board president confided to the consultant that no more than \$7.5 million could be raised because annual giving had leveled out four years ago, despite stepped-up direct-mail campaigning. Imagine the president's surprise to learn, after the study, that a local entrepreneur, who had never contributed more than \$250 a year to the Museum, might be willing to serve as a co-chair for a campaign. He had previously participated in successful campaigns for social service organizations, but had been thinking that a stronger cultural focus also would help to attract more outside investment in the community. The Taunton collection promised a significant rise in the region's cultural status, which would benefit the local economy in many ways. Counsel also put together a list of several prospects for leadership and pace-setting gifts.

In its study report to the Museum Trustees, fund-raising counsel noted a basic excitement in the community over acquisition of the Taunton collection. Based on the support voiced during the study, counsel recommended that the Museum proceed with a campaign to raise \$9 million to fund the new construction and reconfiguration. At the successful conclusion of the campaign, counsel would help implement a

planned gifts program for the Museum in order to raise the monies needed to establish an endowment.

Case Study:

Alexander College

The vice president for development at Alexander College had spent nearly ten years strengthening the school's fund-raising capabilities. Influential members of the community had been recruited to serve on the Board; the alumni office was reorganized and computerized; a comprehensive strategic plan had been completed; and the academic programs were gaining recognition. Based on these strengths, the Trustees agreed to retain a consulting firm to test the potential of raising \$35 million in a capital campaign.

In its first meeting with representatives of the College, counsel discovered that their most recent capital campaign, more than twelve years ago, had struggled to meet its goal of \$4 million. Although the revitalized Board was capable of providing leadership for a campaign of \$35 million, counsel feared that, without prior cultivation, the donor constituency would be intimidated by such a large campaign goal and the study results would be negative.

Rather than embarking on a planning study, counsel recommended that the College initiate an intensive period of prospect identification and cultivation. Prospective campaign leaders were invited to small, informal gatherings where they learned more about the College's plans, and were given a chance to discuss the College's future. Although no funds were solicited at the meetings, these community leaders became "insiders," who shared the school's vision and were supportive of the proposed capital campaign.

Six months after the leadership awareness programs started, counsel conducted a planning study. Following the first week of interviews, it became apparent that the donor constituency would provide both the volunteers and financial resources to achieve a campaign goal of \$25 million. The leadership awareness program had provided the volunteer structure for the campaign, and the planning study provided confidence that the goal could be achieved.

About the Firm

Goettler Associates was founded by Ralph H. Goettler in 1965 to serve the nation's nonprofit organizations. The firm brought together a group of highly qualified professionals to serve the total funding and marketing requirements of clients' major fund-raising initiatives. Since 1965, we have helped more than 1,400 nonprofit entities raise over \$1 billion to fund capital projects, build endowment, or facilitate special projects.

Services

Goettler Associates is a full-service, client-oriented firm. We tailor a program to the special circumstances of each client. This often requires a combination of several essential elements, including capital, annual, and deferred giving; and marketing and public relations. We take pride in the quality of counsel that we can provide in all of these areas.

We have helped our clients conduct successful capital campaigns, increase annual operating support, establish planned giving programs, and strengthen their endowments through our services:

Studies and Assessments

- › Campaign Planning Studies
- › Development Assessments
- › Strategic Planning

Donor Cultivation and Campaign Positioning

- › Leadership Awareness Programs
- › Case for Support Development
- › Campaign Identity and Marketing
- › Writing, Print Design, and Video Production

Development Support

- › Prospect Research
- › Executive Search

Campaign Management

- › Resident Campaign Direction
- › Periodic Campaign Consulting
- › Consultation on Annual and Deferred Giving Programs

The Team

The Goettler Associates team of fund-raising professionals draws upon a wealth of experience and is supported by extensive human and information resources. Our consultants average more than fifteen years of experience in institutional advancement.

Building on Trust

Our Mission is to assist nonprofit organizations in achieving challenging fund-raising goals by:

- › strengthening the client's image and awareness;
- › recruiting, training, and motivating volunteers; and
- › attracting significant philanthropic support.

We guide our clients toward their financial goals through:

- › the integrity and high performance standards of our employees;
- › effective and honest relationships; and
- › the quality of our work in achieving success.

Let's Talk About Your Situation

Fund-raising campaigns have been won without implementing all the principles and strategies discussed in this article. Often, in the course of planning and executing a particular campaign, we find that the best way to achieve success is to “invent” new tools and approaches to replace the standard ones. We at Goettler Associates strive to apply the principles of fund raising in a flexible way that is appropriate to the needs and circumstances of each individual client.

There are certain constants, however. Our experience shows that the campaign which is properly conceived, planned, and executed—with the assistance of professional counsel—is the campaign which invariably enjoys success.

We'd enjoy talking with you informally about these ideas. Or, better yet, we'd like to learn about *your* situation and discuss with you how we can apply our experience and talents to further your success. We would welcome the opportunity—without cost or obligation—to learn more about the current status of your advancement program. This includes your development objectives, the challenges you face, and the resources you have for achieving your goals.

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