

Successful Capital Campaigns

It's all in the planning.

At any given time in Dane County, Wisconsin, numerous non-profit agencies are contemplating, planning for, or engaging in capital campaigns. These are fundraising efforts for “brick and mortar” projects, typically the construction or renovation of a building/space from which the organization delivers services to the community.

Some campaigns are successful. Some are not. Many take longer than initially planned. Most anticipate support from Dane County’s business community. All are qualitatively different than raising money for operating budgets.

What are the characteristics that lead to successful completion of a capital campaign? What about campaigns that have not achieved their goal(s)? What can be learned from experience to inform those who now or in the future will find themselves at the helm of a significant capital fundraising endeavor?

This report highlights the findings from a research project commissioned by the Capital Fund Raising Committee (CFRC) in January 2005*. Data collected through surveys and interviews with 24 of 43 non-profit organizations that had conducted a capital campaign in Dane County within the last 15 years provide some enlightening conclusions.

The keys to success aren't a mystery.

This study identified six common characteristics of successful capital campaigns (see below). The list is straight-forward and logical. Yet the importance of each element’s contribution to a successful campaign is sometimes dismissed or undervalued.

Best Practices of Successful Campaigns	
√	Early Planning
√	Reasonable Campaign Goal
√	Substantial Lead Gift
√	Discussions with Key Donors
√	Volunteer Involvement
√	Examination of Fundraising Environment

*The Capital Fundraising Committee: Survey and Analysis
 Goodman, Rogers, & Skinner
 May 2005

“Start planning sooner. Even if you are five years out, it is important to be looking ahead.”

- Survey Respondent

2059 Atwood Avenue
 Madison, WI
 53704
 (608) 246-4350
 FAX (608) 246-4349
www.unitedwaydanecounty.org



Planning

The building block of a successful campaign is good planning. Respondents from successful campaigns cited their **early planning** as integral to their success. Those from both successful and unsuccessful campaigns expressed a desire to start planning earlier.

A feasibility study is often a part of a capital campaign planning process. Feasibility studies assess internal and external conditions likely to affect an organization's fundraising success. They typically examine critical factors including the potential appeal of the campaign to donors, the fundraising environment, potential volunteer campaign leadership, and the organization's capacity and readiness to manage or support a capital campaign.

Feasibility studies do not guarantee successful campaigns. The CFRC survey revealed that several unsuccessful campaigns had done feasibility studies, as well as those that did achieve their goal. Analysis of the survey data indicated that conducting a feasibility study did not directly correlate with a campaign's success. However, when interviewed, respondents noted that completing a feasibility study was a helpful step in the planning that resulted in a successful campaign.

CFRC Survey Results

- 64% of organizations with successful campaigns conducted a feasibility study.
 - ▲ 78% used a consultant
- 71% of organizations with unsuccessful campaigns conducted a feasibility study
 - ▲ All used a consultant
- 64% of all organizations conducting a feasibility study gained useful information that was used to
 - ▲ Adjust their campaign goal
 - ▲ Change the marketing approach for the campaign

“A feasibility study is the most important thing to do upfront. The sooner people start planning, the better. Talking to current and potential volunteers and supporters is also important. An organization needs to get a recognition of where the organization is at and where the community is at.”

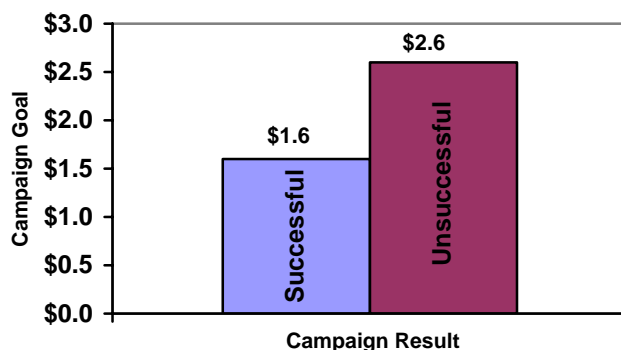
–Survey Respondent

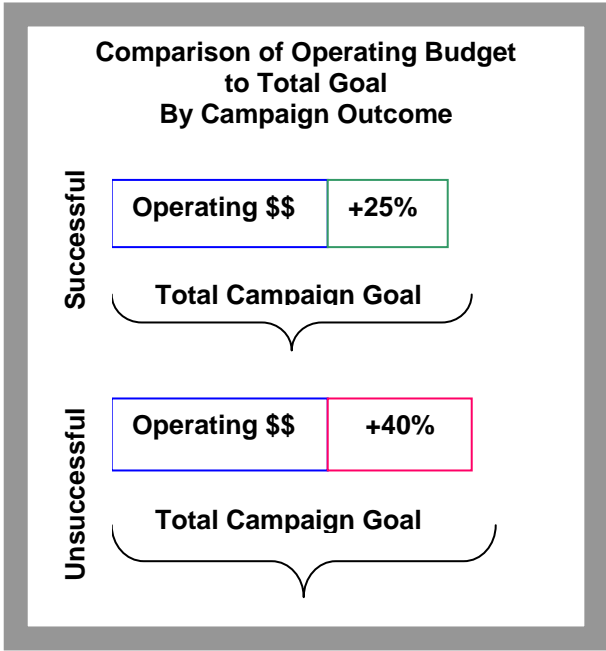
Regardless of whether the information comes from a feasibility study, internal operational analysis, or elsewhere, the sooner you start to gather information that will inform the design of a capital campaign, the better. Most importantly, pay attention to what the information tells you and plan accordingly!

Campaign Goal

A second critical factor to a successful capital campaign is establishing a **reasonable campaign goal**. The CFRC study showed that on average, organizations with successful campaigns set lower goals than those with unsuccessful campaigns. The average campaign goal for an organization with successful results was \$1.6 million, about \$1 million lower than the goal of organizations with an unsuccessful campaign (average goal of \$2.6 million).

Campaign Goal and Campaign Success





“Try to secure two or three significant gifts before really pursuing a campaign.”

–Survey Respondent

Substantial Lead Gift

Successful campaigns secure a **lead gift(s)** representing a sizeable portion of the total goal early in the campaign process. CFRC study results revealed that 79% of the campaigns that successfully met their goal secured lead gifts, with the average gift representing 27% of the total campaign goal. Conversely, 57% of unsuccessful campaigns had lead gifts, with the average gift representing 17% of the total campaign goal.

Survey respondents noted that an early lead gift made the rest of the fundraising process run more smoothly. Lead gifts were received from businesses, foundations and private donors.

So what is a reasonable campaign goal? There is no simple answer to that question. However, the CFRC study sheds some light on a potentially helpful guideline: the ratio between the organization’s operating budget and campaign goal. On average, successful campaigns established goals that were ≈ 25% greater than their operating budget, while those that failed set campaign goals that were in excess of 40% over their operating budgets.

Non-profits often expect that the majority of their capital campaign contributions will come from Dane County’s corporate and business community. In fact, the CFRC study found that organizations received an average of 30% of their campaign contributions from these sources. Gifts from private sector businesses were reported to range between \$5,000 and \$500,000.

Attending to the two key factors of setting campaign expectations in line with the organization’s size and being realistic about the level of private sector support a capital project might garner can be critically important in guiding decisions that will lead to successful completion of a capital campaign.



Discussions with Key Donors

Organizations with successful campaigns conduct research that includes talking with **key donors** before undertaking their campaigns. Doing so allows an organization to prioritize donors and pursue those with most potential.

A feasibility study is frequently done for this purpose. Interestingly, the CFRC study found that completing a feasibility study did not appear to be a strong indicator of a successful campaign. It showed that 64% of successful and 71% of unsuccessful campaigns utilized a feasibility study. Most organizations used this information to adjust their campaign goal or to change the marketing approach for their campaign.

“Getting a strong leadership team together is one of the highest correlations to success.”

“Our capital campaign committee was the key, particularly its leader.”
–Survey Respondents

Volunteer Involvement

Another hallmark of successful campaigns is strong and extensive **volunteer involvement**. The CFRC study results affirm that successful campaigns are built on a solid capital campaign committee, committed individual volunteers, and appropriate volunteer structure, recruitment, and management. Survey respondents indicated that volunteer activity often led to face-to-face discussions with key donors that may not have otherwise taken place.

Examination of Fundraising Environment

Understanding the competition through examination of the current and anticipated **fundraising environment** is an important task that should be undertaken during the campaign planning phase. The CFRC survey data supported the idea that successful capital campaigns took into consideration other events taking place in the community, such as the Monona Terrace and Overture Center projects. Anecdotal information gathered through this research indicated that some capital campaigns may have fallen short - particularly in anticipated business contributions – when fundraising for these initiatives was underway.

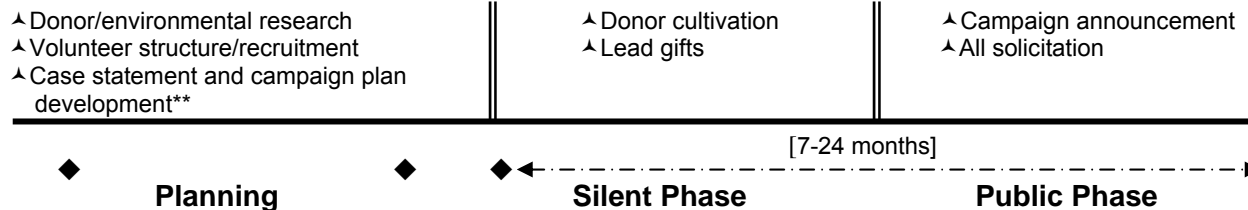
Timing is Everything

Dane County non-profits’ experience bears out the conventional wisdom that capital campaigns take “longer than you think” to complete. The CFRC research found that half of all successful campaigns lasted longer than expected once fundraising solicitation began. None were shorter than expected. Most campaigns were completed within 7 to 12 months.

Of key interest to many non-profits is gauging when to make the “ask” of the business community. Successful campaigns turn to the business community for partnership and financial support in the first half of the campaign process. Approximately 26% of all organizations responding to the CFRC survey solicited business donations after 20% of their goal was raised. None solicited these contributions after 50% of the goal was raised. No information was obtained regarding the best time of year to “make the business ask.”

As part of your research, it is a good idea to ask prospective donors about timing-related issues that may influence their desire or ability to give. Some funders will not support capital campaigns if ground has already been broken for a new facility. Foundations and businesses may have regular funding cycles and decision-making processes that may influence the timing of your campaign ask.

Campaign Timeline*



◆ Appropriate point(s) to meet with Capital Fund Raising Staff Team.

*The use of additional staff or outside counsel in any of these phases did not appear to be a factor of campaign success for organizations completing the CFRC survey.

**Include contingency plans in the event of a campaign shortfall or unanticipated increase in project cost. 28% of successful campaigns in this study increased their campaign goal above what was initially established.

Other Findings

Here are a few other factors that contribute to the success – or failure – of a capital campaign.

- Community understands and cares about the mission
- Organization has a good reputation
- Organization is well-known in the community
- Strong case statement
- Minimal competition from other campaigns

Capital campaigns often have positive, long-lasting, unanticipated impacts on organizations. These range from heightening awareness of the need to do more marketing and outreach to constituents to the creation of new relationships with donors and businesses.

On unanticipated effects of a capital campaign:

“We developed new relationships, contacts, and resources within the community.”

–Survey Respondent

Capital campaigns can also be the stimulus that results in a larger donor base, strengthened organizational capacity, and broadened community awareness of the organization’s mission and services.

About the Research

In December 2004, three University of Wisconsin La Follette School of Public Affairs graduate students were hired by the Capital Fundraising Committee to conduct historical research of capital campaigns reviewed through the CFRC review process between 1991 and 2003. A major goal of the research was to understand the factors that contribute to successful completion of non-profits’ capital campaigns (i.e., fundraising goal achieved).

Data was collected through surveys and follow-up interviews. Surveys were sent to 43 non-profit organizations in Dane County that had conducted a capital campaign within the last 15 years. The survey response rate was approximately 56%, with 24 organizations responding. Unfortunately, data collection was difficult in numerous instances due to staff turnover and/or the lack of institutional memory within organizations. Development of a centralized electronic database for collecting campaign outcome information on an ongoing basis is one recommendation that has been made to the CFRC.

The majority of organizations that responded provided health/human services, with others focused on arts, animals, education, government/other (libraries). Other characteristics include:

- 58% identified Dane County as their primary service area
- 63% had annual budgets over \$500,000 at the time of the campaign
- 58% reported successful campaign completion, 29% unsuccessful, and 13% were unsure of the outcome

The Capital Fund Raising Committee

The Capital Fund Raising Committee was organized under the auspices of the Greater Madison Chamber of Commerce and United Way of Dane County. The primary function of the Committee is to review capital campaigns and provide information to the business community. The information is provided in the form of a quarterly newsletter that is available only to Dane County Chief Executive Officers on a subscription basis. With this information, CEOs can make an educated decision regarding financial support that is in the best interest of their business and the community.

A secondary focus is to provide assistance to non-profit organizations to help assure the success of capital campaigns. The Committee defines capital campaigns as those that are raising funds for “brick and mortar” projects where the Dane County business portion of the campaign exceeds \$100,000.

Campaigns for equipment or endowments do not fall within the purview of the Committee.

The CFRC acts as a gatekeeper in order to assure businesses that non-profit organizations requesting contributions are raising money for a worthwhile cause and are prepared as well as possible to succeed in their capital campaigns. The CFRC meets quarterly. It is supported by a Staff Team that advises agencies as they plan their campaigns. The CFRC approves and schedules campaigns for one of two fund-raising windows (March-July or November-March) during which Dane County business support may be solicited.

CFRC Staff Team Membership:

- Dane County Human Services Department
 - Madison Community Foundation
 - Madison Community Development Block Grant Office
 - Madison Office of Community Services
 - United Way of Dane County
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Other Resources

If you are contemplating a capital campaign, here are some other resources you may find helpful:

- Capital Campaign Manual: An Evaluation and Planning Guide for Capital Campaigns Capital Fund Raising Committee, 2002. Available through the Greater Madison Chamber of Commerce
- Navigating Your Way Through the Facility Planning Process: A Guide for Nonprofits The Dane Fund, Madison, WI. (608) 257-3863.
- A Nonprofit Space Odyssey – A Capital Projects Primer CompassPoint Nonprofit Services, 2003. www.compasspoint.org
- “Planning a Capital Campaign for Grassroots Groups” by Kim Klein. The Grantsmanship Center Magazine, Fall 2001.
- “Fundraising Readiness: How Does Your Agency Stack Up?” by Brigitte Sarabi. The Grantsmanship Center Magazine, Summer 1997.
- “Fourteen Hot Tips for Capital Campaign Success” by Patricia Ceasar. Nonprofit World, Vol. 15, No. 5. September/October 1997. Published by the Society for Nonprofit Organizations.
- “Are You Ready for a Capital Campaign?” By Jodi Bender. Nonprofit World, Vol. 12, No. 5. September/October 1994. Published by the Society for Nonprofit Organizations.

For more information about this process, contact the Greater Madison Chamber of Commerce at 608-256-8348 and ask for the Capital Fund Raising Committee materials.

Prepared by Sandy Erickson, Director, Community Building, United Way of Dane County, August 2005. Sandy is the CFRC Staff Team Convener and can be reached at (608) 246-4354 or sandy@uwdc.org. Also check United Way's website: www.unitedwaydanecounty.org.