

FOOD

CONTINUED FROM PAGE 14

Bank's \$950,000 annual operating budget comes from a per-pound handling fee that the agencies contribute for the free food they receive.

Because of the territory the Food Bank serves, its current home in leased quarters just off Interstate 40 near the State Fairgrounds is "absolutely ideal," says Greg Kirkpatrick, who has been the organization's executive director since 1985. "We don't want to leave here."

But there's a catch. The Food Bank needs much bigger refrigeration and freezer units.

"We are at a point where we're having occasionally to turn down refrigerated and frozen products," Kirkpatrick says.

Because the lease on its current building is due to expire in the autumn of 1995, the Food Bank doesn't want to incur the heavy cost of buying and installing new units that either would have to be abandoned or moved again — at a significant cost — when the lease expires. And the building is not for sale.

In anticipation of the lease deadline, the Food Bank has been wrestling with the question of whether to launch a capital campaign to pay for new equipment or a move to a new site.

The organization has created a committee to identify possible sites, and to study the possibility of obtaining a gift either of land or a building, or both.

The Food Bank estimates that it will need \$1.2 million to \$2 million for purchase or lease of a new building. To help determine whether that is a realistic fundraising goal, the board in December hired Capital Consor-

Designing a strategy
Capital campaign requires planning

No two capital campaigns are alike. But most share a common strategic approach.

Capital Consortium, a for-profit fundraising consultant that is advising the Food Bank of North Carolina, says a campaign lives or dies by its planning and preparation.

Given the proper groundwork, executing the campaign will be relatively easy, subject of course to hard work and unforeseen circumstances.

A typical campaign, says Carol Siebert, a senior counsel at Capital Consortium, has six stages — planning and preparation; leadership recruitment; securing leadership gifts; the public campaign; completion and follow-through; and conversion of campaign donors into the nonprofit's annual giving program and volunteer corps.

A campaign will require at least six months for planning, six to eight weeks more to secure leadership gifts, and then up to three years or more for the public campaign.

Here's how a typical campaign might unfold:

- Planning and preparation.

This includes writing a "case statement" that defines the nonprofit's mission, explains the need for the campaign, and lays out fundraising goals and how the money will be spent. This document also helps the nonprofit take a look at itself and recruit campaign leaders and donors.

Planning also includes assessing the readiness — both internal and external — for the campaign. Is the nonprofit staff prepared? Are computers and software in place? What are public attitudes about the nonprofit and a possible campaign? What shape are the national and local economies in? Who are potential leaders and prospective major donors?

Planning also includes holding confidential focus groups and one-on-one interviews with prospective leaders and donors.

- Leadership recruitment. Leaders are recruited, assigned tasks and asked to identify, rate and solicit prospective donors. Before making solicitations, leaders are asked to make gifts themselves.
- Leadership gifts. In a typical campaign, the 10 biggest gifts account for roughly one-third of the

goal, with the next 100 gifts accounting for another third. In fact, 80 percent of gifts typically come from 20 percent of the donors, with the biggest gift accounting for almost 40 percent of the total goal and the next three gifts accounting for 20 percent. These so-called "nucleus fund" gifts are solicited by peers of the prospective donors.

- Public campaign. The final third of a campaign goal is solicited from the public. These are the smallest gifts, and take the longest time to solicit. Before kicking off this stage, the leadership gifts should be accounted for to give credibility to the campaign. This is particularly so in the face of the increasing number of campaigns seeking money from the public. The public portion begins with a public announcement of campaign goals and the amount raised to date.
- Completion. This includes the collection of pledges and solicitation of additional gifts.
- Cultivation for the long term. This includes converting donors into annual givers and volunteers.

Todd Cohen

the hungry and doing the work we need to do to make the organization run."

But the board has not concentrated its energies on "communicating our passion to others with financial resources," says Lawrence, a senior sales representative for B. Braun Medical Inc. in Bethlehem, Pa. "We needed somebody to come in" and show the members how to do that.

After talking to several national and local fundraising firms, the Food Bank board asked three firms to make presentations to its fundraising committee.

Capital Consortium has been hired for seven months. If the Food Bank decides to undertake a campaign, it could sign a new contract with the firm to provide counsel during the campaign. Lawrence estimates that, based on the Food Bank's discussions with a number of consultants, the total cost could be 5 percent to 10 percent of the goal — or as much as \$200,000.

"All we're doing with them right now is assessing whether or not we're going to be able to run a successful campaign, assessing whether we need to run a campaign and, if we do, whether we can be successful," Lawrence says.

The professionals at Capital Consortium know that can be a daunting task.

"A lot of people hate to go out and ask people for money," says Siebert, the senior counsel, "because they see it from a selling point of view rather than a marketing point of view, which is assessing the market and what people are interested in, and matching it with your product, which is the mission of a nonprofit and its financial needs."

"After all, fundraising is people-raising."

tium. The firm is helping the Food Bank decide whether to go ahead with a campaign. And in keeping with the principle that fundraising is an end-

less process of cultivating prospects and leaders, Capital Consortium also is advising the organization on its annual campaign and on leadership development.

"We have an extremely committed, excellent working board of directors," says Duane Lawrence, president of the Food Bank's board. "They're very committed to feeding

CAPITAL

CONTINUED FROM PAGE 1

Jones has seen a gradual lessening of the role of corporations in capital campaigns.

"A number of North Carolina corporations have gone through leveraged buyouts or takeovers from outside companies and are therefore paying back a lot of debt," says Jones, who runs Whitney Jones Inc. in Winston-Salem, which has handled campaigns for a number of area universities and nonprofits.

"The largesse that was there in the 1970's and 80's is no longer there. In the corporate world, they now have to pay more attention to the bottom line."

Tar Heel foundations — which have benefited from the rapid creation of wealth in the 1980s — have made up some of the difference.

"Individuals have also stepped forward but there aren't that many million-dollar donors in North Carolina," Jones says. "So capital campaigns have increasingly searched for more diversified funds."

The proliferation of nonprofit fundraising efforts has made campaigning more competitive.

"We've seen a marked increase in fundraising for service-oriented groups like hospices and health agencies and organizations that serve the aging population," says Niles Sorensen, senior vice president of Ketchum Inc. in Charlotte. "Leadership has probably become a more precious commodity these days because so many organizations are campaigning."

Although the general fundraising atmosphere is important, some experts believe internal structure is the real key to a campaign's success or failure.

"Frankly, more important than the economy is what is done by the nonprofit," says John Bennett, president of Capital Consortium Inc. in Raleigh, which recently took over the leadership of a \$20 million fund drive for the North Carolina Museum of Art.

"Nonprofits can determine the climate by creating the necessary leadership, the prospect base and cultivating the prospects to create support."

Fundraising experts recommend involving key donors in the initial planning stages of a campaign and conducting feasibility studies or focus-group sessions to determine reasonable goals before a fund drive goes public.

While some use mathematical formulas to arrive at campaign goals — one expert sets goals at twice the level of the top 10 gifts pledged in the planning stage — others peg them to what studies show are likely giving opportunities.

For his part, David Winslow, head of Winslow and Associates — a Winston-Salem based firm that is

Nonprofits can determine the climate by creating the necessary leadership, the prospect base and cultivating the prospects to create support.

JOHN BENNETT
President
Capital Consortium

heading a campaign for the new Children's Museum About the World — believes goals should be driven by the "real needs" of nonprofits.

"If people strongly believe in their hearts that this is what the organization needs, they will usually succeed with that attitude sometimes in spite of what the feasibility study says."

The most common pitfall cited by North Carolina fundraising experts is failure to do adequate planning. Many recommended as much as a year or more of preparation for any capital campaign.

"I tell folks over and over again that a fundraiser always needs to work in a mode that has them planting seeds," says William Amidon, principal counsel for Amidon and Associates in Greensboro.

"If you've had folks before you that have had that kind of philosophy toward the job, you are going to benefit. If you haven't had that kind of

tradition and haven't built up references and communication over the years, your job will be much tougher."

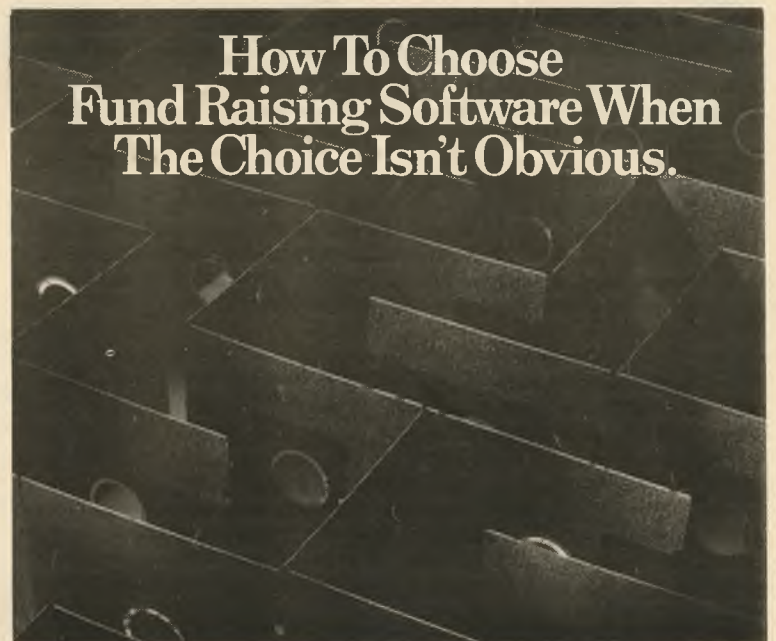
Professional fundraisers say nonprofits should avoid being driven by artificial timetables and should muster the kind of volunteer leader-

ship that can stick with a campaign over the long haul.

"A lot of people are willing to go out and ask for a gift but if the answer is 'no' or 'maybe,' they don't do the kind of followup that's needed," says

Look for CAP, page 16

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