

Annual Fund Development Assessment

*(liberally adapted from an article in Front & Centre, March 2001,
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Evaluation is an important component of the planning process. As libraries build their fundraising programs over time, it's critical to improvement to evaluate not just their fundraising success, but also their organizational growth. The following document will assist libraries to achieve improved program performance through a 360-degree review process. This evaluation covers a number of areas, beyond just numbers. As you move through each section, you can assess for yourself where you are, gauge how your fundraising program is performing, and identify areas for improvement and development.

Case for Support

A Case for Support outlines an organization's need and the reasons why it's worthy of philanthropic support. It is fundamental for fundraising success, but surprisingly few organizations take the time to develop one. The Case is a written document that can be circulated among stakeholders for feedback to ensure that it articulates the essence of why a donor would consider giving, and the message motivates donors with its sense of urgency. This central document should form the basis for any communications materials directed to donors and potential donors. I

A Case for Support is not easy to write, but a simple approach could be to develop answers to the following series of questions:

- Who are you?
- When were you founded?
- Why were you founded?
- What do you do?
- How do you do it?
- Who benefits from your programs? How?
- What makes you unique?
- What are your programs and services?
- How effective are they?
- Where are you going?
- What do you need?
- Why should donors choose to support you?

If you already have a written Case for Support, does it accurately reflect where your organization is today?

Board of Directors Engagement

A Board of Directors plays an important governance role for charities, and part of that is ‘assurance of funding’. Some Boards interpret this as an oversight role, and others are actively involved in the operations of fundraising. What role does your Board play?

How involved is your Board in fundraising?

Do they know what your program does?

Do you have the opportunity to report to the Board on a regular basis?

Does your Board support what you’re doing? Do they approve the annual plan?

Do Board members have a job description, and does it include fundraising?

If they are not willing to be involved personally, are they supportive of delegating responsibility to a fundraising or event committee?

Here are a few tips to engage your Board more actively in your fundraising program:

- Ask them to call a few donors to say thanks;
- Encourage them to make their own donations;
- Focus on one or two Board members and try to make them into champions; and,
- Concentrate on new Board members as they come into the library. It’s more difficult to win over a long term Board member who never expected to be involved in fundraising

Strategy Development

It’s important to have a strategy for your fundraising program – what are your objectives? How are you going to balance all the aspects that make up your strategy? What are you going to emphasize? How is that reflected in your program choices?

Mal Warwick has written about his The Five Strategies for Fundraising Success:

- Visibility – if you’re a new agency, you want to make the public aware of who you are
- Involvement – when you rely heavily on volunteers
- Growth – when you need to grow your program to meet the needs of programs and services
- Efficiency – when you want to maximize the ratio between revenue and fundraising expenses
- Stability – when you’re losing ground and you need to get back to where you were a few years ago

Choosing a mix of fundraising programs that will give you the right balance of cost per dollar, matching of resources to program, and meeting your cash flow timeline is crucial to a successful program.

Crunching the Numbers

Another way of evaluating your program is calculating your return on investment to ensure that your program is on the track to success. Running these numbers for the first time will establish some benchmarks for your program. In subsequent years, you can use the results to set goals and apply your resources accordingly.

Some of the measurements we can look at are:

- The cost of donor acquisition
- Conversion rate of first-time donors to loyal donors
- Renewal rate
- Average gift
- Gift frequency
- Expectancy of donor's lifetime giving
- Revenue to cost ratio

Working the Database

Donor software is integral to good reporting and analysis. Keeping accurate donor records is important, as is training and retaining staff who work at gift processing and mail programs. Tracking donor preferences is crucial these days – do they only want to be mailed once a year? They would like only newsletters? Their preferred mode of communication is email. Are they being stewarded for a major gift by a board member?

If you don't follow donor wishes, and you risk losing them – to another organization that has the capacity to track and segment their donors. It may seem a big expense for many libraries, but donor software is essential in a capital campaign, and can be a cost-effective tool for libraries that manage mail programs and large events.

Donor Stewardship

One of the biggest missteps in fundraising programs is poor stewardship of existing donors. So much time and effort is put into acquiring new donors to the organization and processing the donation, that we think the work is done. For the donor, the relationship has just begun – and they are looking to hear from you! It is far more cost-effective to renew the donors you have, than to looking for new donors. Stewardship of current donors is a complex process involving internal functions such as gift acknowledgement, recognition, honouring of donor intent, effective use of funds, and ongoing communication with donors about how funds are put to good use.

Here are some things to consider:

- How long does it take to say thank you for a gift? Do you send out your thank you and charitable receipt promptly?

- Do you treat your higher end donors differently? Do you pick up the phone and give an immediate thank you to donors who give over \$100?
- Do you welcome new donors to your organization with a packet of library information? Many organizations send welcome packages to first time donors to introduce them to the organization – mostly items that are already developed like newsletters, services brochures, recent news clippings and an annual report.
- Do you let donors know how their money was spent? If they responded to a request for a specific project, have you assured them that their investment was well used, the project has been completed and the library is starting to see results?

Treating donors with respect will engage them and they'll support you over the long term.

Donor Characteristics + Segmentation

How much do you know about your donors? What types of donors do you have, and what types do you need? Green and Dyck suggest four types of donors:

1. **Tippers:** These donors give nominal amounts pretty much every time they are asked - \$5 for thons, pocket change for street canvassers. They are happy to contribute to almost everyone who asks, likely more on the basis of who is asking rather than the cause they are representing. These donors are a good source of cash, but they have limited potential or interest to be more generous donors.
2. **Buyers:** This group loves your events and merchandise. This provides good support for your organization, but it doesn't promote philanthropic giving. This group expects something in return for their "donation". Many smaller charities are very dependent on special events for their fundraising – terribly over-exposed to risk. Have you been involved in an event that actually lost money? You know it could happen – if it rains, if ticket sales fall short, if your entertainer gets a paid job that night, or you make a mistake in your budget and miscalculate the costs for the dinner. Also, these supporters are very difficult to migrate over to more cost-effective programs such as mail or major gifts. They like your parties and golf tournaments and prefer to support you that way, but it's costing you a lot to keep them engaged.
3. **Donors:** This is the group that gives to you because they support your mission and values. The library is meaningful to them and they respond to your donation requests simply for the reward of doing their part toward a worthy cause. They are responding to requests through the mail, telephone calls and personal requests – and they will renew their support almost as often as you ask them. They will support you in the long term as long as you respect their contributions –and if you treat them well, they will increase their support.
4. **Investors:** This is the group that is highly committed to you – they want to make a significant contribution that will result in a difference in the world. They can make a sacrificial gift – a donation of substance and meaning for them, and an

investment or transformative gift for the library. These people love you and your work – make sure you love them back!

This is just one version of a classification system. Some organizations use demographic profiles and develop complex analytical predictors of behaviour. (These can sometime be helpful – though I'd encourage libraries to think of each donor as an individual.) Once you've grouped your donors into their giving characteristics, think about how they should be treated and how your fundraising programs line up with the size of the four groups. Do you have enough Investors? Are you spending too much time on programs that encourage Buyers? How can you re-align your program to maximize your fundraising efforts?

Here's a tip – take a look at the Pyramid of Giving. For a balanced program, 80% of donations should be coming from 20% of your donors. If this is not the case, then you need to spend more time stewarding the involvement of your top 20% donors.

Clear Language + Message

We all have our own organizational culture and a language that reflects it. For many donors, they will not understand the jargon that we use with our colleagues. Be sensitive to who you are writing for in all your donor communications. Your donors want to read and understand the stories you have to tell them. Don't turn them off with unclear language – it will be difficult to win them back.

And make sure your message speaks to donors' interests, not yours. A classic mistake made by many organizations is spending a lot of time telling donors about how tough times are, the impact of cut backs, inflation rates, difficulties keeping good staff, how expensive overhead is – and believe me, few donors want to hear those messages.

Donors give to you because of the service you provide the community, and they want to hear the 'good news' stories of how their donations were used to further the mission of the library. One of the basic tenets of fundraising is that people give to people. Let your messages connect your donors to your patrons; share the success stories, the anecdotes, the impact statements, the testimonials. That's what your donors want to hear.