



Fundraising With a PLAN

How to create and implement an effective Development Plan

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Welcome to Planet Philanthropy

May 23, 2106

What I am NOT: a lawyer or a CPA

www.phil-com.com

At the end of this session, you'll be able to:

- describe what a Development Plan is and why it is important in fundraising
- describe the common components of a Development Plan
- identify who the stakeholders are in having and using a Development Plan
- gain the ability to articulate to executives or Boards of Directors why creating a Development Plan and gaining buy-in from close stakeholders is important and how the Plan's implementation could benefit the organization
- begin to envision how such components would be translated within their own organization (or if not already working in the industry, envision how components could be translated into different nonprofit vertical industries like the arts or human services)



Who is here
today?

What is a Development Plan?

Strategic
Plan

Whole
Organization

Development
Plan

Fundraising



Identify where you want the organization to be, then plot out the strategic steps (not the tactical ones in detail) it will take to get there.

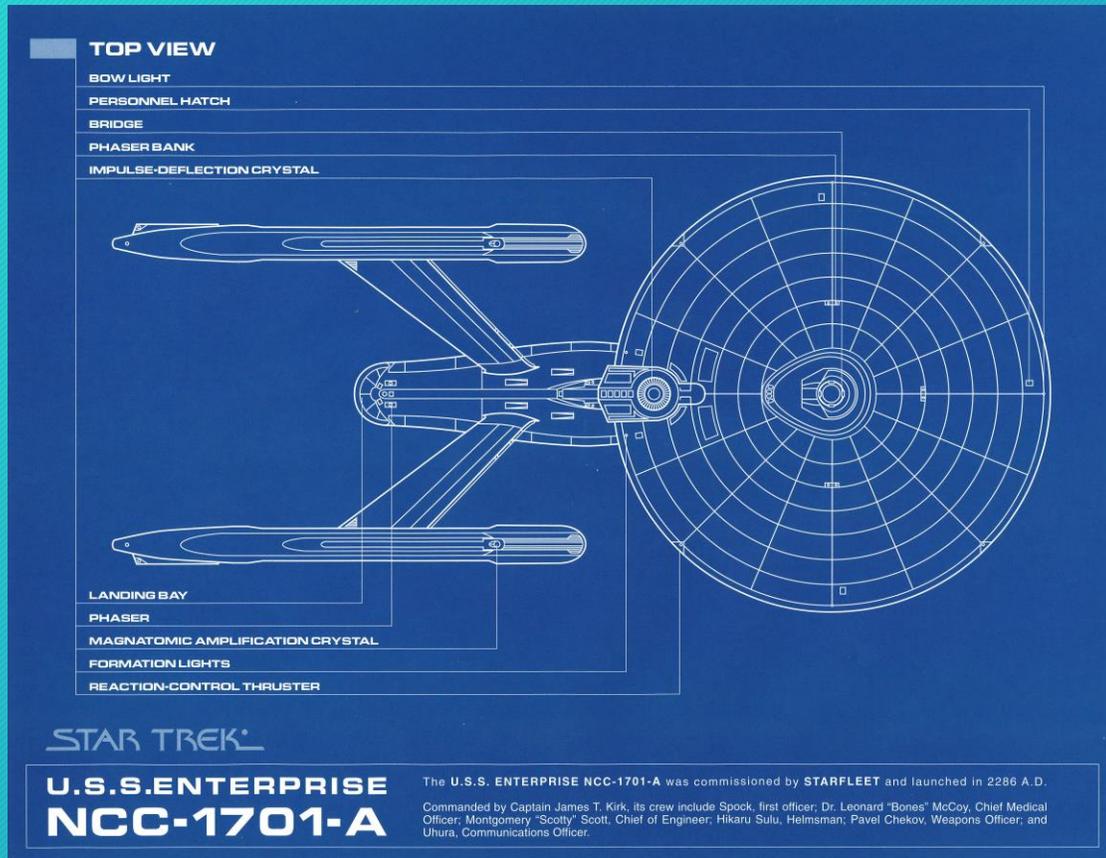
Strategic Plan



Generally start out with a budget number you have to reach, then plot out the fundraising activities you will undertake to reach that monetary goal.

Development Plan

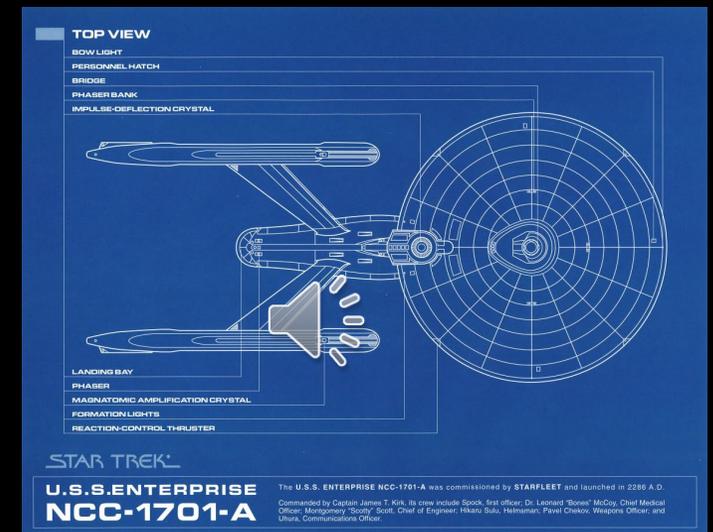
Development Plan is Like a Blueprint or a Map



Wait? Was that the blueprint for the USS Enterprise?



Why yes, it was.



Fundraising Isn't Easy



Sometimes it feels like this



What makes it more difficult is the trap we often fall into - the *Shotgun Approach* to fundraising. The Shotgun Approach is basically the "let's try everything and see what sticks" method of fundraising; it means saying yes and implementing every idea for a new event suggested by well-meaning supporters, without evaluating the viability of the options first.



Use a Development Plan

Don't just throw things at the wall... have a plan.

Internal & Unique



A Development Plan

Is an INTERNAL document

- A Development Plan is used for planning inside the organization. It is not meant to be shared with supporters or donors, other than those who are on your Board of Directors or on your Development Committee.

Is UNIQUE to your organization

- Animal rights organizations' Development Plans will look different than those of a disaster relief agency or a fine arts organization. Why? Arts organizations may be more prone to hold events for their patrons to raise funds, because they have the theatre or gallery as a ready spot and it shows off their mission perfectly. A disaster relief agency may rely on “episodic” donors - ones that give only during disasters. So they must plan accordingly (and try to get out of the short-sighted cycle of episodic donations). Therefore, the categories of activities that make up each development plan are based on the characteristics of their organization.

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Stakeholders

There are countless stakeholders when it comes to nonprofits - not only the staff and clients, but the communities that have a problem to fix or a group of people to be helped.

In this case, the stakeholders we're talking about are the people who have a **vested interest in seeing the Development Plan succeed**. They are also the people who should be involved in the process of creating and implementing the plan.

So who are they?

Stakeholders

Levels of Involvement

Staff

- Development Professional creates core of plan.
- CEO/ED must have full agreement and buy-in (depending on the organization, the CEO/ED may co-create the document with the Development Professional).

Development
Committee

- Development Committee should have a part in reviewing the draft plan, making recommendations, and familiarizing themselves with it so they can commit to the parts that involve them and champion the Plan with the full Board of Directors.

Board of
Directors

- The Board of Directors should review and approve the Plan and commit to helping make the implementation of the fundraising actions successful.

Stakeholders

1. Development Staff - They will do most of the plan's creation. As the professional fundraiser, they are best equipped to create the core of the document. They are also the ones who have to implement many of the items in the plan. They can help set realistic expectations about the resources available to accomplish the fundraising tasks.

2. CEO/Executive Director - The CEO/Executive Director absolutely has to be fully invested in the Development Plan, as they are one of the champions for the plan and fundraising with the Board of Directors. The CEO/ED also has to be on board with the chosen fundraising strategy and the associated activities. *If the Development Professional is trying to implement a Major Gifts program, it will only work if they have the full backing of the CEO/ED.*



Stakeholders Continued

3. Development Committee - The Development Committee can be the best friend of a development professional. They've agreed to conduct the majority share of the Board's fundraising (though the whole Board must be involved), and they are your champions with the board, explaining the need for the Plan and the need to stay on track. Even though the Development professional is likely the person who created the draft of the plan, this committee should know the importance of this document and understand the components of it.

*Do not confuse a Development Committee with an Event Planning Committee. They are not the same thing.

Stakeholders Continued

4. Board of Directors - Because the Board has such a big part to play in fundraising, they should be involved at least somewhat in the process, so that they feel invested in the outcomes. However, it would be impossible to create the plan from the ground up with the full board. The Development professional, the CEO/ED, and the Development Committee are responsible for most of the creation of the plan.

If you have a formal Development Plan, the Board should officially approve it. That way everyone is “bought in” and the Development staff has reassurance that the Board has agreed with the planned direction and strategy.



- Are there any others that were not mentioned here?
 - Remember, every organization is unique, so you may have additional stakeholders involved in the process. Or, you may have less, if you do not have a Development Committee. Don't be afraid to make adjustments so the plan fits your organization.
- Who on your Development or Board of Directors would be a good champion for the Plan?

Who are your stakeholders?

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Gaining Buy-In From Stakeholders

“

Some of the principal successes organizations have reported as a result of having a development plan include:

- Increases marketing and visibility of the organization
- Help the organization make business contacts
- Makes it possible to track success of capital campaign
- Points out areas on which the organization needs to focus
- Helps keep the staff focused
- Assists with writing the case for support and grant proposals
- Assists the organization in gathering and sharing information with board and volunteers

”

From The Development Plan by Linda Lysakowski

Gaining Buy-In

Reference

Lysakowski, L. (2007). Why a Development Plan. In *Nonprofit essentials: The development plan* (p. 9). Hoboken, NJ: Wiley.

Paraphrased:

The clearest predictor of a nonprofit's success is having a formal fundraising plan.

Author: Heather Yandow

Stanford Social Innovation Review, December, 2015

http://ssir.org/articles/entry/to_boost_individual_donor_giving_nonprofits_need_a_plan

Staying on Track

- The wonderful thing about nonprofits is that they are supported in so many ways by so many people. People have a passion for the mission and dedicate their time and resources to support it.
- While wide support is great for the organization, it can be tough for staff to navigate effectively through all of the people - many of whom have different desires and opinions about the way things should be done at the organization.
- Having a solid Development Plan in place, that hopefully has been approved by your Board of Directors, can give you the support you need. When great new ideas come up, they can be evaluated in the context of the Development Plan to determine if it is line with the strategy and whether the resources exist to support the idea.



Allocating Resources

- A Development Plan can help you allocate the resources in your Development Department.
 - **Human Resources**
 - **Financial Resources**
- When a Development Plan is laid out, it is easier to see where your resources are being spent. It is then up to you (and your boss or Development Committee) which activities you decide to undertake.

Opportunity Cost & Allocating Resources



Every fundraising activity you choose to do has an opportunity cost of the things you choose not to do.

Opportunity Cost: the money or other benefits lost when pursuing a particular course of action instead of a mutually-exclusive alternative.

Run Like a Business

Too many people think that nonprofits don't have to run like a business to succeed.

It is absolutely untrue that nonprofits bear less fiduciary responsibility to operate efficiently than for-profit businesses do.



Evaluating Your Return on Investment (ROI)

- Part of running like a business means evaluating the return on your activities.
- On the www.afpnet.org web site, under Resource Center, there is a good article explaining the factors that affect fundraising costs: “Factors Affecting Fundraising Costs”.

Gaining Buy-In Summary



Allocating Resources
Opportunity Cost
ROI

These are all concepts that most people on Boards of Directors understand, many because they are in or were in the business world. Help them understand that a Development Plan is a tool that will help you address the things listed above effectively.

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Development Plan Breakdown

Sample Organization
FY 2015/2016

Sample Development Plan

Created: July, 2015
Board Approved: October, 2015

Main Contact Info



Development Plan Intro Section

The very beginning of the plan is the perfect place to explain the purpose of the plan and to reinforce with the Board of Directors that they too are responsible for raising funds.

Development Plan Intro Section

Intro Section Sample Wording

Fund Development is a group activity that begins with the Board of Directors and the President/CEO, and includes management, staff, and volunteers. Commitment to give to SAMPLE ORGANIZATION AND help the organization reach out to, educate, build relationships with, solicit, and steward others is necessary to successfully fund SAMPLE ORGANIZATION's mission.

This document outlines the 2015/2016 Development Goal and what steps will be taken to reach the goal. The Development Committee will work with the Dev. Dir. to help ensure that activities undertaken by the board throughout the year are in strategic alignment with the Dev. Plan.

The Development Plan outlines our goals and objectives for the year. Specific tactical/logistical details for each area may be found in individual Project Plans.

Summary of Monetary Breakdown Sample

Overall Development Goal FY 15/16:

\$1,000,000

Components of the Total Goal

Individual Contributions

\$700,000

Board Giving

\$100,000

Cause Marketing

\$0

Direct Mail

\$75,000

Third Party Fundraising

\$0

Giving Challenge

\$25,000

Online Gifts

\$100,000

Planned Giving

Do not budget an amount

In Person Asks (Major Gifts)

\$400,000

Endowment

Depending if separate or goal included here.

Events:

\$100,000

Grants:

\$100,000

United Way:

\$100,000



The items broken out in Individual Giving and other categories will be specific to your organization.

The line items included here are samples and are not presented as being endorsed as the best way for your organization to raise funds.

Then We Look at Each Section Separately

Breakdown of Individual Giving's \$700,000

Board Giving:

Objective: This campaign not only represents a significant portion of the monetary goal, but also represents strong board support to other donors and to grant-making organizations. *One hundred percent board participation is necessary for success.*

Goal: \$100,000

Time of Year: Ask begins with new fiscal year. Request each give at least one gift by second board meeting of year.

Vehicles of appeal (at board meeting, letter, etc.): Appeal letter, board chair ask at board meeting, follow up with calls from Dev. Committee and Dev Director

Who is responsible? Board Chair/Dev Committee Chair/Dev. Dir

*Board Alumni are also target group for cultivation. Specific appeals to this group will fall under other categories such as direct mail and house gatherings.

*A staff giving campaign should be run after the Board Campaign is at 100%.

Breakdown of Individual Giving's \$700,000

Cause Marketing:

Objective: Cause marketing opportunities are likely to be rare/sporadic, depending on your organization. They will come in to play when companies would like to sell a product while marketing the fact that a specific percent or dollar per item will benefit SAMPLE ORGANIZATION. The objective of these opportunities is to raise funds (likely in relatively small amounts) and to gain exposure (marketing impressions) to the greater population that may not come in contact with SAMPLE ORGANIZATION regularly. These should be entered into carefully and should be accompanied by a SAMPLE ORGANIZATION Cause Marketing Agreement to ensure our brand is appropriately represented.

Monetary goals, time of year, etc., will be determined relative to each unique cause marketing opportunity. One staff member will be the liaison to the company conducting the Cause Marketing.

Who is Responsible: Dev. Dir.

Goal: \$0

Breakdown of Individual Giving's \$700,000

Direct Mail:

Objective: Direct mail is a good vehicle for 1. acquiring new donors, 2. increasing the level of current donors, 3. and is a good platform for sharing mission and success stories.

Goal: \$75,000

Number of Planned Appeals

Early Fall 2015

November 2015

Spring 2016

Summer 2016 (run ROI on all mailings)

Newsletters w/ giving envelope: Fall, Spring

This is not the place for a lot of information on segmentation for mailings, but if there are main demographic targets for which campaigns are planned to run, they can be described here.

Who is responsible? Dev. Dir.

Subset: Newsletters. Appeal envelopes will be included with newsletters, and funds raised through this vehicle will be counted toward direct mail totals.

Breakdown of Individual Giving's \$700,000

Third Party Fundraising:

Third Party Fundraising opportunities are likely to be rare/sporadic. They will come in to play when individuals or groups want to host an event, some or all of which the net proceeds from will benefit SAMPLE ORGANIZATION. These should be entered into carefully and be accompanied by a SAMPLE ORGANIZATION Third Party Fundraising Agreement to ensure our brand is appropriately represented.

Objective: The objective of these opportunities is to raise funds (likely in relatively small amounts) and to gain exposure (marketing impressions) to the greater population that may not come in contact with SAMPLE ORGANIZATION regularly.

Goal: \$0, No specific goal is set, as these events are sporadic and unplanned by nature.

Who is responsible? Events Coordinator

Breakdown of Individual Giving's \$700,000

Giving Challenge:

Objective: The Giving Challenge is in an online fundraising event for individual donors, facilitated by The Giving Partner program at the Community Foundation of Fake City. SAMPLE ORGANIZATION's objective and level of participation will likely depend on what other fundraising activities are competing against the Challenge at that time of year. Part of the objective of participation in the Challenge is to steward SAMPLE ORGANIZATION's relationship with the Community Foundation.

Goal: \$25,000

As the rules of the Challenge are updated each year, a goal and level of participation will be determined closer to the time of the Challenge.

Who is responsible? Dev. Dir., Development Committee, CEO

Breakdown of Individual Giving's \$700,000

Online Gifts \$75,000

Online and email campaigns. Will include direct campaigns and all gifts that come in through web site as a result of other marketing and networking efforts.

Email Appeal Calendar, Time of Year, Topic: How many times a year, etc. Make sure email campaigns are coordinated with direct mail campaigns and event invitations. Large scale overview. The actual dates/content/etc. will be in your marketing plan.

Who is Responsible: Most likely the Development Director

Breakdown of Individual Giving's \$700,000

Planned Giving

A planned gift is any major gift, made in lifetime or at death as part of a donor's overall financial and/or estate planning. Planned giving, sometimes referred to as gift planning, may be defined as a method of supporting non-profits that enables philanthropic individuals or donors to make larger gifts than they could make from their income. While some planned gifts provide a life-long income to the donor, others use estate and tax planning techniques to provide for charity and other heirs in ways that maximize the gift and/or minimize its impact on the donor's estate.

**Annual Gifts* are generally from a donor's yearly earned income. *Planned Gifts* are generally larger gifts from investments.

***More details should be described in the Planned Giving Project/Strategic Plan.*

Goal: Planned Giving is not included as a projected budget revenue item, due to the unpredictable nature of the gifts (e.g., longevity, probate, etc.). Cash from planned gifts may vary greatly from year to year.

Who is responsible?

CEO, Dir. Of Dev.

Breakdown of Individual Giving's \$700,000

In-person Asks for Major Gifts

Goal: \$400,000

Individual, direct asks for Major Gifts. These asks will be the result of targeted prospecting and cultivation and will likely be done by a team of the CEO or Development Director and board members and/or Development Committee members. SAMPLE ORGANIZATION defines a major gift as any gift \$1,000 and over.

**Annual Gifts* are generally from a donor's yearly earned income. *Major Gifts* are often larger gifts from investments (e.g., \$10,000, \$25,000, etc.).

Continued...

Breakdown of Individual Giving's \$700,000

...Continued In Person Asks for Major Gifts

For major gift solicitations, the Director of Development will conduct prospect research and create a donor giving pyramid of prospects for gifts over \$10,000.

The Development Committee of the board will work with this list and the board to create cultivation and solicitation teams. The Dir. Of Dev. will work with each team to create a “touch plan” and goals for the prospect/donor relationship, along with setting the amount of the monetary ask using the donor screening tools.

If the organization has defined plans for how many prospects must be in the pipeline at any given time, here is a good place to outline that. Specific plans for each pairing will be created and documented. It is up to the Development Director to make sure the Dev. Committee and solicitation teams are each working their plans.

Breakdown of Individual Giving's \$700,000

Endowment

An Endowment fund is a permanent, self-sustaining source of funding. Endowment assets are invested. Each year, a portion of the value of the fund is paid out to support the fund's purpose, and any earnings in excess of this distribution are used to build the fund's market value.

If SAMPLE ORGANIZATION has an endowment, here is a good place to describe if there are yearly goals for adding to the endowment, and if asks are made in conjunction with asks for the main organization.

The endowment may have its own board or its own committee. If so, define that here.

Event Giving \$100,000

Objective: Each event may have a slightly different objective. The Annual Celebration Dinner is SAMPLE ORGANIZATION's most successful fundraiser, whereas Event 2 is considered to be more of a friend-raiser, with the goal of creating lasting relationships that will result in monetary support in future years.

Total Goal (Gross): \$100,000

Event 1: \$50,000

Event 2: \$50,000

House Gatherings: Income from gatherings of major donors in board member's homes will likely be counted under the major gifts category, and may or may not actually be given the night of the gathering.

Who is responsible: Events Coordinator, Event Committees, Board of Directors, CEO

It should be mentioned here if there is a "live ask" for fund at an event, how much it is (and whether it has a matching gift already set), and whether the money raised will count in the event's revenue or in another category.

Grants \$100,000

Generally come from community foundations, private foundations, and family foundations. Application schedules staggered throughout year.

Goal: \$100,000

Who is responsible? Grant Writer, Dir. Of Dev.

List grants applied to every year (unless it is a large number, then refer to the grant-tracking document), and how much is generally received to make up the goal amount. Include how many new foundations it is the goal to apply to in the coming year.

If there is a grant tracking document, it can be referred to here.

United Way \$100,000

Example:

United Way applications are due each year at xxx date. United Way priorities change often, but we have been able to fit into xxx priority to date.

Goal: \$100,000

Who is responsible? CEO, Development Director

If certain programs are funded by United Way, describe that here.

Conclusion (of the Development Plan)

Conclusion:

Reiterate here that fundraising is the job of every board member, and in fact all staff members must be involved in the process.

This is also a good place to list the location where someone can find the organization's full Strategic Plan as well as any project plans that roll up into this Development Plan.

Don't fall into the trap



- **Don't fall into the trap of adding too much detail**
 - This is not a tactical project plan and doesn't need a full description of each task that will take place to achieve the activity.
 - Individual Project Plans can be used for desk-level detail. It is reasonable to create a separate Project Plan or a planning calendar for each event you plan to undertake or direct mail you plan to do. Think of them as tools or documents that “roll up” into your Development Plan (in the same way that a Development should “roll up” into an organization's overall Strategic Plan).

- I can hear some of you out there thinking,
“There is NO WAY I will be able to get all of the people who need to be a part of this to pay attention to something that is eight pages!”
- The first answer is: **TRY**. If you aren’t successful this year, make it as a tool for you to use on your own and then try again next year to get buy-in from the group.
- But... if you need a “mini” plan in the meantime, or something akin to an Executive Summary to share with your Board, you can use something like this:

Fundraising Goals for Sample Organization Fiscal Year 2015/2016

Board Giving Campaign	\$60,000
Annual Fund (Direct Mail and Unsolicited)	\$70,000
Major Gifts	\$100,000
Grants	\$5,000
<u>Special Events</u>	<u>\$25,000</u>
Total	\$260,000

How We Will Get There

<p>Board Giving Campaign \$60,000 This campaign not only represents a significant portion of the monetary Goal, but also represents strong board support to other donors and grant-making organizations. <i>100% board participation is necessary for success.</i></p>	
<p>Annual Campaign \$70,000 -Direct Mail (how many per year during what months)? -Unsolicited or "other" that may be unique to the organization</p>	
<p>Major Gifts \$100,000 These gifts will likely be a result of targeted prospecting that will be spear-headed by the Dir. of Philanthropy and the Development Committee, but that needs active participation from the whole board to be successful.</p>	
<p>Corporate/Foundation Grants \$5,000 -list grants historically received -include any new prospective grantors to which you will apply, if known</p>	
<p>Special Events (Decide Gross or Net Here) \$25,000 -List events and when they are. -Any new events that are suggested will be brought to the Development Committee to determine if they are viable within the scope of this plan.</p>	
<p>In-Kind Donations \$0 Try for budget-relieving in-kind gifts, but do not budget any specific amount.</p>	
<p>Cause Marketing \$0 Not budgeted and will be a bonus if any happen.</p>	

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Summary

A Development Plan

- Is like a blueprint that helps you see the big picture of your goal and the steps you plan to take to get there
- Helps you stay on track and allocate your resources
- Is an internal document that is unique to your organization
- Should be in agreement with your organization's strategic plan
- May have many different project plans that roll up into it
- Must have buy-in from executives and Boards of Directors to be successful
- Should be a working document that is used as a tool throughout the year
- Should be recreated for each new fiscal year to match new/changing goals

It is the end of the session. Can you...

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**There you have it!
Your Development
Plan is Complete.**

Enjoy the rest of Planet Philanthropy!

