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Campaign Now

by M. Bruce Dreon

Now is the time to prepare for the next campaign. Why? The economy will recover, and institutions that prepare now will be better able to take advantage of the recovery when it comes. It often takes between 12 to 24 months to lay a solid foundation for a campaign and sometimes longer. Increased giving is driven by major gift campaigns. Few not-for-profit organizations that depend on contributions will be able to meet their needs without well-planned and executed campaigns. Finally, campaigning is the best way to build a strong, comprehensive development programs.

Granted, this may not seem like a good time to begin a campaign. Much depends on whether one chooses to look at leading indicators such as the stock market or lagging indicators such as unemployment rates. . Many institutions have delayed, slowed, or adjusted their current campaigns. Income is down at most not-for-profit organizations and as a result, budgets are being cut. Many slightly engaged donors have reduced the amount of their gifts or delayed giving decisions, and some have stopped giving altogether. Even deeply engaged donors are unable to give as they would like. Can this really be the time to start a campaign? We at Bentz Whaley Flessner think so.

Impact of the Economy

Is the current economic downturn a threat or an opportunity? That depends upon many things, but nothing so much as how an institution's leaders choose to view and respond to it. In a recent *Harvard Business Review* article, David Rhodes and Daniel Stelter state that wise leaders do not lose sight of "the hidden but significant opportunities nestled among bad economic news." Their observations are applied to educational institutions by Richard A. Hesel, David W. Strauss, and Benjamin G. Edwards in *Trusteeship*. They argue that "the best organizations do more than survive during and economic downturn: they position themselves to thrive during the subsequent upturn."

The reality is that the economic downturn has hit not-for-profits hard. At Bentz Whaley Flessner, we realized early in 2008 that this economic downturn was different and began advising our clients to adjust their strategies and goals. Beginning on Wall Street rather than Main Street, this recession has diminished the capacity of the most financially capable donors, reducing major gift giving as well as the broader base of participation. Other sources of income have also diminished, so budgets are constrained, organizations have laid off staff, and development offices have not been exempt from these challenges.

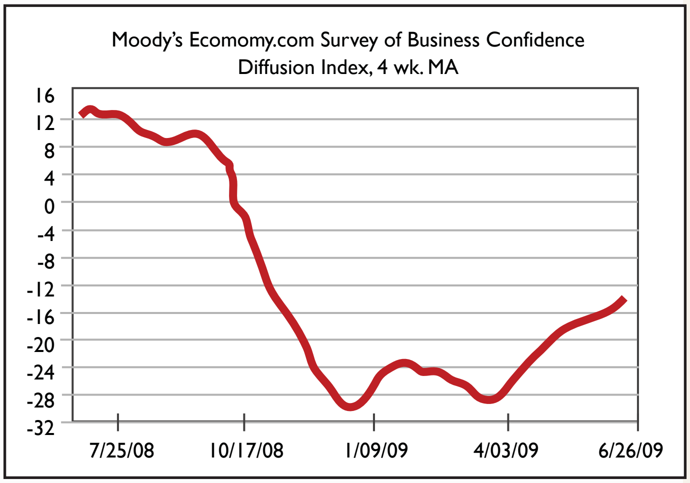
Table 1. Economic projections of Federal Reserve Governors and Reserve Bank presidents, June 2009 Percent

Variable	Central Tendancy				Range			
	2009	2010	2011	Longer Run	2009	2010	2011	Longer Run
Change in real GDP	-1.5 to -1.0	2.1 to 3.3	3.8. to 4.6	2.5 to 2.7	-1.6 to -0.6	0.8 to 4.0	2.3 to 5.0	2.4 to 2.8
April Projection	-2.0 to -1.3	2.0 to 3.0	3.5 to 4.8	2.5 to 2.7	-2.5 to -0.5	1.5 to 4.0	2.3 to 5.0	2.4 to 3.0
Unemployment Rate	9.8 to 10.1	9.5 to 9.8	8.4 to 8.8	4.8 to 5.0	9.7 to 10.5	8.5 to 10.6	6.8 to 9.2	4.5 to 6.0
April Projection	9.2 to 9.6	9.0 to 9.5	7.7 to 8.5	4.8 to 5.0	9.1 to 10.0	8.0 to 9.6	6.5 to 9.0	4.5 to 5.3
PCE Inflation	1.0 to 1.4	1.2 to 1 .8	1.1 to 2.0	1.7 to 2.0	1.0 to 1.8	0.9 to 2.0	0.5 to 2.5	1.5 to 2.1
April Projection	0.6 to 0.9	1.0 to 1.6	1.0 to 1.9	1.7 to 2.0	-0.5 to 1.2	0.7 to 2.0	0.5 to 2.5	1.5 to 2.1
Core PCE Inflation	1.3 to 1.6	1.0 to 1.5	0.9 to 1.7		1.2 to 2.0	0.5 to 2.0	0.2 to 2.5	
April Projection	1.0 to 1.5	0.7 to 1.3	0.8 to 1.6		0.7 to 1.6	0.5 to 2.0	0.2 to 2.5	

Mixed economic signals will continue for months, but we believe the economy is recovering and that major gifts from deeply engaged donors and prospects will be a leading indicator of better economic times.

As illustrated in Table 1 above, Federal Reserve Governors and Reserve Bank Presidents predict that the U.S. economy will grow in 2010.

Moody's Survey of Business confidence shows that confidence jumped to the highest levels since 2006.



Source: Moody's Economy.com (accessed July 2, 2009).

The International Monetary Fund predicts that after negative growth in 2009, the world's economies will grow modestly in 2010 (see chart on next page).

What if predictions are wrong and the economy does not recover in 2010? Then, all the hard work required to improve fundraising efficiency and prepare for a campaign will help an organization weather the storm now and take advantage of the situation when the economy does improve. It is a win-win strategy.

Keys to Fundraising Success

The basic elements of fundraising success are the same today, but the way we think about them must change if we are to optimize results in this economic environment. Successful fundraising requires a support-worthy cause, prospects with interest and capacity, committed and capable leaders, and a well-conceived and executed action plan. How should we think about these elements today?

- **A support-worthy cause.** A compelling case is always based upon solid institutional plans, effectively communicated to prospective donors. Now, more than ever, these plans must be defensible and more tightly-focused. Donors want to know that hard choices have been made, that priorities are not just wish lists, and that their support will go to the core of the institution's mission and impact in the world. To ask donors to fund anything less than the best ideas of an organization is disrespectful and will not work well in this environment.

- **Prospects with interest and capacity.** Prospects fuel campaign fundraising. There are rarely enough, so finding, qualifying, and cultivating prospects

	Year over Year						Q4 over Q4		
			Projections		Difference from January 2009 WEO Projections		Estimates	Projections	
	2007	2008	2009	2010	2009	2010	2008	2009	2010
World Output[1]	5.2	3.2	–1.3	1.9	–1.8	–1.1	0.2	–0.6	2.6
Advanced economies	2.7	0.9	–3.8	0.0	–1.8	–1.1	–1.7	–2.6	1.0
United States	2.0	1.1	–2.8	0.0	–1.2	–1.6	–1.8	–2.2	1.5
Euro area	2.7	0.9	–4.2	–0.4	–2.2	–0.6	–1.4	–3.5	0.6
Germany	2.5	1.3	–5.6	–1.0	–3.1	–1.1	–1.7	–4.4	0.0
France	2.1	0.7	–3.0	0.4	–1.1	–0.3	–1.0	–2.2	1.4
Italy	1.6	–1.0	–4.4	–0.4	–2.3	–0.3	–2.9	–2.9	0.2
Spain	3.7	1.2	–3.0	–0.7	–1.3	–0.6	–0.7	–2.9	0.2
Japan	2.4	–0.6	–6.2	0.5	–3.6	–0.1	–4.3	–2.7	–0.6
United Kingdom	3.0	0.7	–4.1	–0.4	–1.3	–0.6	–2.0	–3.2	0.6
Canada	2.7	0.5	–2.5	1.2	–1.3	–0.4	–0.7	–1.9	1.7
Other advance economies	4.7	1.6	–4.1	0.6	–1.7	–1.6	–2.7	–1.9	1.7
Newly industrialized Asian economies[2]	5.7	1.5	–5.6	0.8	–1.7	–2.3	–4.8	–1.5	2.0
Emerging and developing economies	8.3	6.1	1.6	4.0	–1.7	–1.0	3.3	2.3	5.0
Africa	6.2	5.2	2.0	3.9	–1.4	–1.0	…	…	…
Sub–Sahara	6.9	5.5	1.7	3.8	–1.8	–1.2	…	…	…
Central and eastern Europe	5.4	2.9	–3.7	0.8	–3.3	–1.7	…	…	…
Commonwealth of Independent States	8.6	5.5	–5.1	1.2	–4.7	–1.0	…	…	…
Russia	8.1	5.6	–6.0	0.5	–5.3	–0.8	1.2	–4.7	1.0
Excluding Russia	9.9	5.3	–2.9	3.1	–3.2	–1.3	…	…	…
Developing Asia	10.6	7.7	4.8	6.1	–0.7	–0.8	…	…	…
China	13.0	9.0	6.5	7.5	–0.2	–0.5	6.8	6.9	7.9
India	9.3	7.3	4.5	5.6	–0.6	–0.9	4.5	4.8	5.9
ASEAN–5	6.3	4.9	0.0	2.3	–2.7	–1.8	2.1	1.2	3.3
Middle East	6.3	5.9	2.5	3.5	–1.4	–1.2	…	…	…
Western Hemisphere	5.7	4.2	–1.5	1.6	–2.6	–1.4	…	…	…
Brazil	5.7	5.1	–1.3	2.2	–3.1	–1.3	1.2	1.1	2.4
Mexico	3.3	1.3	–3.7	1.0	–3.4	–1.1	–1.7	–2.1	2.5

Note: Real Effective exchange rates are assumed to remain constant at the levels prevailing during February 20–March 25, 2009. Country weights used to construct aggregate growth rates for groups of countries were revised.

[1] The quarterly estimates and projections account for 90 percent of the world purchasing-power-parity weights.

[2] The quarterly estimates and projections account for approximately 77 percent of the emerging and developing economies.

with the capacity to fill the gap is critical. Nothing new here. However, two things are very different today. First, the great erosion of wealth means that the top of the gift pyramid will no longer reach to the sky. There will be fewer extraordinary gifts, and campaigns will require many more mid-range prospects to fill the gap. Second, different approaches will be necessary to find and organize a larger pool of major gift prospects. This is a matter worth an entire article itself, but it starts with:

- Mobilizing the entire organization to deepen the engagement of constituents.
- Opening up the bottleneck of prospect research that exists in many shops.
- Aligning our segmentation efforts to be more attuned to emerging differentials in geography and industry/profession.
- Employing sophisticated analytics to find and assign more potential prospects and to measure the effectiveness with which we solicit their support.
- Building more effective methods of qualifying the interest, capacity and readiness of major gift prospects.

- **Leaders who will give and influence others.** The most decisive element in the success of any campaign is leadership. If the right people get behind something, it almost always gets done. The challenge of the day is to increase the comfort and confidence of the organization's key leaders.
  - A small corps of enthusiastic and philanthropically committed volunteers should be charged with preparing the institution for a campaign.
  - Some time in every board meeting should spent preparing trustees and directors for their fundraising responsibilities.
  - Staff need a new paradigm and strategies to

help them segment their prospects by readiness, deal with prospects who need more time and negotiate gifts in a challenging environment.

- **An action plan and resources adequate for the goals.** The plan that is adequate for the next campaign will need to be more efficient than previous efforts. It costs more to get ten $100,000 gifts than one $1,000,000 gift. And it takes better organization and management, too. It would be easy to conclude that the cost to raise $1 may increase if campaign gift pyramids become flatter, but in this environment the only solution may be to become more efficient.

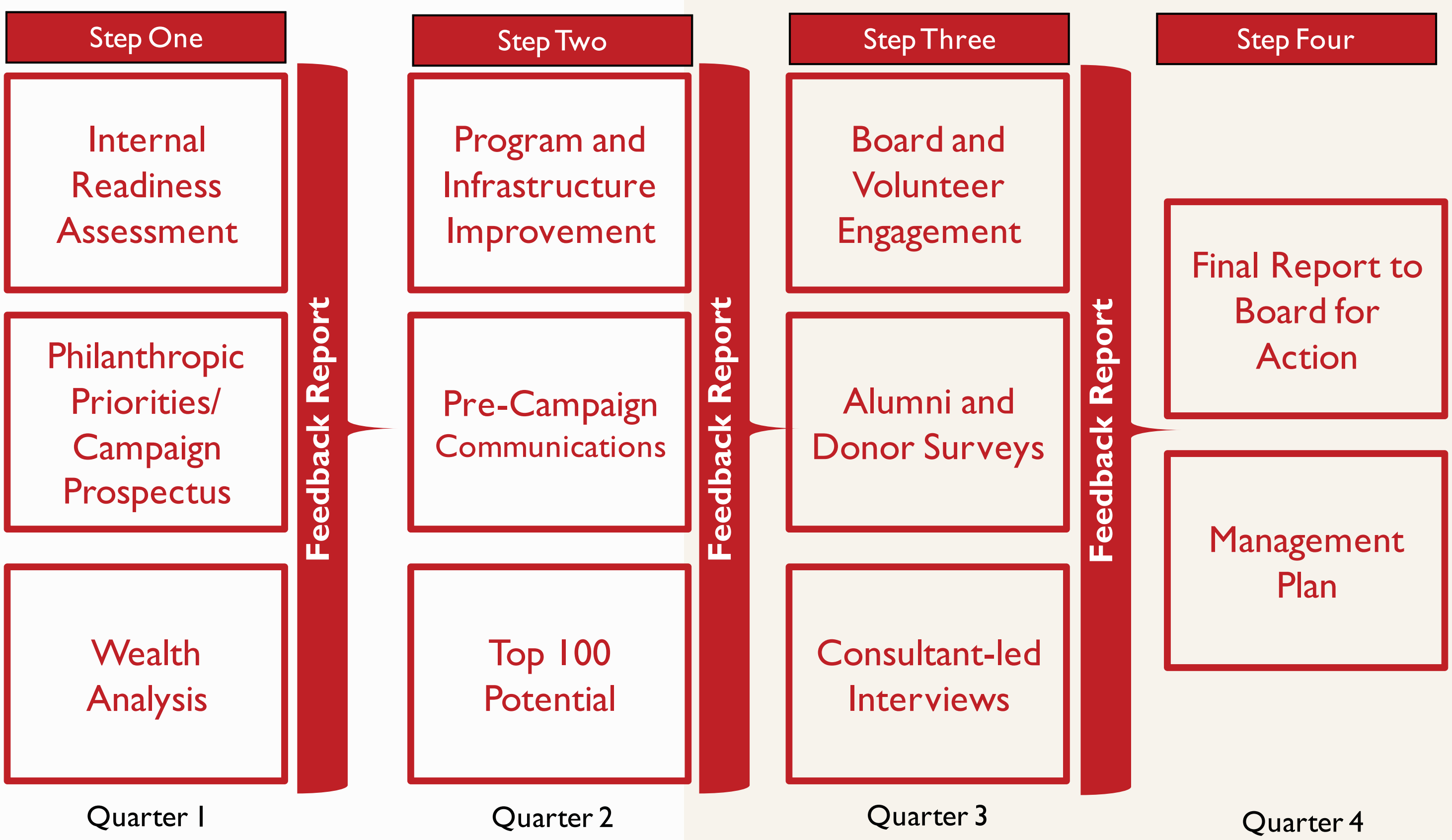
– Integration of advancement functions must become the norm. Alumni relations professionals must be engaged in prospect development efforts as one example.

– Measurable performance standards for every aspect of advancement should be developed and utilized.

– Fundraising goals and resources must be matched by realistic income and expense projections.

Campaign Planning Model

We propose a model for campaign preparation that fits the economic and philanthropic reality of the times. The diagram below illustrates a four-step planning process that refines the case for support, strengthens staff and infrastructure, prepares leaders and prospects, and leads to action.



What is important about this model? Three things:

- **Order.** Campaign preparation does not begin with feasibility study interviews; such interviews come after many other preparation steps. This fits the anticipated slower economic recovery. It also allows time to set and communicate clear priorities and to assess and improve giving capacity and fundraising readiness. Furthermore, your development staff should already be hard at work making discovery or qualification calls to inform feasibility.
- **Quantitative Analysis.** A campaign cannot be well planned simply by sampling the opinions of a few prospects for lead gifts. Rather, it requires solid estimates of the constituency's total giving capacity, analysis of the rate at which prospects become donors and the proportion of total giving capacity that can be projected under various scenarios. In short, it takes good information and sophisticated quantitative analysis.
- **Pace.** The model above touches all four critical elements of a campaign—case, prospects, leadership and plan—and it does so in four quarters. There are many good reasons why it will take some organizations longer than 12 months to prepare for a campaign and it is better to start well than too quickly. But those organizations that can will benefit greatly from a faster pace.

Conclusion

The real start to a campaign is not when the first commitments are made, when feasibility study interviews are conducted, or even when the needs are defined. The real start to a campaign is when there is an adequate planning model in place to undertake all the steps necessary to prepare for a successful effort. In that sense, it is time to start campaigning.

For some, it may be challenging to begin planning now. Some donors and volunteers lack confidence in the economy and may also question an organization's planning and priorities. Budgets are tight and there may be no additional resources. Under the circumstances, it would be easy to wait for better times, and many organizations will. But we know that strong organizations and development programs will use these challenging times and the transition they represent to get stronger which means preparing for a campaign. A comprehensive planning model that touches all the key elements of successful fundraising, employs quantitative analysis to measure capacity and efficiency and engages prospects and leaders make all the difference. ***Campaign now.***

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