

# Capital Campaign Planning

## Background Information

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### **Definition:**

An intensive, organized fundraising effort to secure philanthropic gifts for specific capital needs or projects, executed within a specific period of time, usually for one year or more.

### **Components of a successful capital campaign:**

1. Strong board, staff, and volunteer leadership
2. Clear project definition and a compelling case for support
3. Ready and willing leadership donors (a dozen gifts often make up more than 50 percent of the campaign goal)
4. Solid reputation and visible organization
5. Adequate fundraising staffing, systems, and infrastructure
6. Timing (e.g. economic concerns and competing projects)

### **Principles:**

1. People give to people. The most effective way to solicit a pledge is through committed individuals visiting peers and stating, "I believe in this cause. I am supporting it financially and personally. Will you join me in considering a gift?"
2. People give to urgent and compelling causes. They do not give to causes that seem unimportant to them, that are poorly planned or managed, or that are ineffectively communicated.
3. People often donate time and money to campaigns when they have been invited to provide input and advice. Volunteers and prospective donors should feel that they have ownership of a campaign.
4. People support campaigns when they have the opportunity to participate in the decision making process.

### **Phases:**

#### **Phase One – Pre-Campaign Planning**

This phase allows the volunteer and staff leaders to seriously evaluate their commitment to a campaign – as opposed to their commitment to a new building or equipment – and start to develop the basics in preparation of conducting a successful campaign. Included in this phase is a careful internal

evaluation of needs, discussion of whether or not campaign counsel is needed, and an honest appraisal as to whether the organization is ready for such a major undertaking.

### **Planning (4 weeks)**

- 1) understand vision, leadership, prospects
- 2) brand/vision articulation- short case for the initiative
- 3) preliminary budget
- 4) concept drawings
- 5) introductory promotional materials
- 6) assess possible consultant support

## **Phase Two - Pre-Campaign Planning and Feasibility Study**

This initial phase, usually conducted in six to eight weeks, allows an organization, with the aid of counsel, to objectively evaluate:

- its image in the community
- how its case for fund raising is viewed by leaders and donors
- whether quality leaders are available to help in the campaign
- prospective donors and potential giving levels
- whether proper resources are available to conduct a campaign

Additionally, a detailed, comprehensive fund-raising plan is developed. The campaign plan includes lists of prospective donors and leaders, timetables, job descriptions for leaders, commemorative opportunities, an education and public relations plan, a table of gifts and other necessary ingredients to a successful campaign.

A thorough Case Statement is prepared for initial review by the Board of Directors.

### **Feasibility (6 – 8 weeks)**

(could be managed by consultant for independent feedback from donors/community)

- 1) assess internal and external preparedness
  - competent staff – external professional
  - identification of potential leaders
  - funds for start up expenses
  - timing is good
- 2) is the broader community ready
  - input from major donors/prospects

- assessment of financial potential
  - does the community appreciate importance of the initiative
- 3) identify sources of funding
- philanthropic community on side
  - foundations
  - government
  - corporations
  - religious philanthropies
  - individual donations – major
  - individual donations – small
- 4) consider naming opportunities

### **Phase Three - Organization Phase**

This phase creates the tools necessary for fund raising.

- Leadership Plan Book
- Fund Raising Prospectus
- Fund Raising Brochure
- Video Presentation
- Develop Campaign Theme
- Case Statement
- Leadership Recruitment
- Public Relations Effort
- Detailed Corporate and Foundation Research

#### **Develop Project Framework (4 – 12 weeks)**

- 1) Leadership
  - assemble a Capital Campaign Committee
  - identify and recruit
  - empower on decisions
- 2) Engage capital campaign professional to:
  - manage fund raising efforts
  - organize and oversee the campaign timelines
  - help identify and evaluate gift prospects
  - coordinate publication of printed materials
  - work with and train volunteers
  - help organize and run special events and public relations
  - conduct donor research
- 3) Create subcommittees for:
  - site selection
  - design/construction
  - detailed campaign budget development

#### 4) Communications strategy

- print materials
- messaging
- timelines
- establish a Campaign Case Statement
  - A description of your organization, including important accomplishments and plans for the next three years
  - Architectural plans and a drawing of the completed facility
  - An explanation of how children's services will be improved as a result of the capital improvements
  - Information on how people can make contributions and the recognition opportunities that await them

### **Phase Four – Solicitation Phase**

This phase is the central phase of the campaign and focuses on the actual cultivation and solicitation of major and advance gift prospects. Additionally, proposals to regional and national foundations and corporations are prepared and submitted. The full public information and public relations plan is implemented.

#### **I. Solicitation - Quiet Phase**

##### A. leadership/special/major donors

- internal campaigns – board, staff, leadership
- train committee members and staff in solicitation skills
- schedule meetings with major donors
- lead gifts – secure and leverage
- disciplined work – walking out the plan

##### B. corporate/government/foundation gifts

- proposal submission for grant funding
- grants from foundations
- government
- corporate gifts
- religious grantors

#### **II. Solicitation – Public Phase**

- after 50 - 60% of the funds are raised

- C. don't start too soon
- D. kick-off event to increase public profile
- E. 20% of the money but 80% of the work
- F. community based campaign
- G. manage your team

## **Phase Five – Post-Campaign**

This phase is a “catch all” for outstanding solicitations remaining from earlier phases. Many of the decisions will actually be made in this phase, so effective follow-up and public relations efforts are critical here.

All prospects are encouraged to make their decision during this phase if they have not yet responded.

A comprehensive pledge redemption system is also recommended.

### **Follow-up**

- celebrate successes
- pursue uncommitted donors
- pledge redemption process in place
- donor recognition process
- acknowledge efforts
- thank important contributors

## **Ensure that your Community Capital Campaign Succeeds**

The business of community organization is doing good. The work they do makes a significant difference in the lives of people and communities served. Effective management and the wise use of limited resources are essential to the success of any community organization, regardless of its mission or the importance of its work.

Most community organizations undertake capital campaigns only once every five or ten years. Planning and preparation alone can take months, or even years, and involve dozens of people. Nonetheless, whether your group needs \$100,000 or \$100 million, a carefully organized approach to the project will help lead you to a successful conclusion.

The following steps explore the fundamental activities necessary to help position your organization to launch a successful capital campaign. These may, of course, be modified depending upon your organization's particular situation.

### **Assess your level of readiness**

None of us would build a house without drawing plans and laying a sure foundation. The same principles are true for a capital campaign. Review the box "Is Your Community Organization Ready for a Capital Campaign?" It is designed to examine your organization's current state of readiness and provide specific goals to work toward. Honestly examine your organization's readiness posture, and be prepared to address concerns. Remember that it is imperative to communicate with potential donors and to build a base of philanthropic leadership in your community. Failure to do so will delay your campaign and reduce your potential to receive gifts.

Preparing for a capital campaign may also provide an opportunity to conduct an organizational self-assessment. Your organization may benefit from an evaluation of its governance, planning, marketing, fiscal management, personnel management, and other aspects of internal and external operations. Examining your strengths and weaknesses in these areas will educate those involved in the process, and may reveal opportunities to better position your organization for future challenges.

### **Identify and explore the need**

The most common reasons for conducting a capital campaign are to build a new building or remodel an existing one. Campaigns also enhance the quality of life by preserving historic sites, creating public recreation and educational facilities and expanding social service programs.

Your Board of Directors may wish to appoint a committee - sometimes called a Capital Needs Committee - to articulate how a campaign will enable the organization to better serve its mission. Most often, this takes the form of assessing current and future needs, considering challenges and opportunities and formalizing a case statement. Your organization's leadership should establish preliminary and final report dates and a written outline of the information required. Since the report will include recommendations for strategic action, you may wish to include volunteers with a sense of vision and mission in this group. Make sure you set aside an appropriate block of time for meetings with your Board to allow for full discussion and, if needed, revision of the plan.

If your community has a capital campaign review board, be sure to tell it about potential projects and ask about reporting and scheduling guidelines.

### **Create a framework to support the project**

Once the Board has voted on the Capital Needs Committee's report, it is time to define the project in more detail. Several task forces should be created to act simultaneously. Tasks may include screening architects and builders, meeting with bankers about financing options, meeting with real estate agents, interviewing professional fund raising counsel and developing a preliminary budget.

Your organization's size and tradition will determine how best to delegate these responsibilities. Be sure that the individuals or committees assigned to study options and deal with issues clearly understand the tasks they are being asked to complete. Again, remember the importance of setting deadlines.

### **Share the news and invite input**

Once you select an architect, it makes good sense to commission a draft plan with estimated costs for approval by your leadership. Share the building plans with as many of your constituents as possible. Print newsletter articles and hold cottage meetings and receptions to invite feedback. If the proposed project is sizable, consider constructing and displaying a model in appropriate places. Pay special attention to potential major donors.

Find creative ways to continuously inform and involve your organization's key volunteers, staff, and constituents. Liberally delegate tasks to as many people as possible. While this may take some extra time, the benefits of sharing your enthusiasm for the project, asking for assistance, and including many people in the process will more than justify the effort.

Don't overlook a thoughtful, well-timed public relations effort. You can begin with low-key information sharing and build to coincide with major capital campaign activities. Remember that most organizations do not communicate enough with their prospective donors.

### **Authorize a feasibility study**

Usually your organization's financial potential cannot be determined accurately without a thorough feasibility study. Ideally, it will include personal interviews with key leadership and potential major donors, and perhaps a mail survey to your constituency, if appropriate. A compelling, professionally-drafted tentative case statement should accompany the study questionnaire.

This two-track approach informs a large number of supporters about the organization's intentions, helps to establish an achievable financial goal for the campaign, and invites feedback and involvement.

Once completed, a good feasibility study will answer the following questions:

1. Are the organization's key volunteers and major donors supportive of the plans as proposed?
2. Will the larger civic and philanthropic community support a campaign?
3. What are the priorities as seen by the general constituency?
4. Are people willing to give to the proposed capital campaign?
5. If so, what potential leadership gifts are available?
6. Is the financial goal attainable, or does it need to be modified?
7. What is the best time for a campaign?
8. What additional information should be shared?
9. Who should chair the campaign and who should serve on the various committees?
10. Can the organization raise funds through planned gifts such as bequests, gifts of appreciated stock, real estate, charitable trusts, life insurance, or in-kind gifts?

A feasibility study helps to clarify the vision that will become the focal point of the campaign. It can uncover concerns or problems and identify campaign volunteers, and in the long run will be a vital investment in the success of any future capital drive effort.

**Leadership makes campaign decisions.**

If the feasibility study is positive, the Board of Directors and key volunteer leaders should make the final decision on the size, scope and timing of the campaign. Sometimes, the dream is too ambitious and plans must be revised. It will take time to review and decide how to fine-tune the plans and financial objectives. This process must occur before launching your drive.

**Consider the use of professional counsel**

Professional support during this phase of your organization's life can help make the most of opportunities and reduce the likelihood of costly errors. Using the results of the study, professional counsel can prepare a fund raising plan that includes a time line, job descriptions and organizational chart, and assist in the design and production of campaign publications.

Do not expect counsel to solicit gifts. Rather, think of them as the manager of your effort. They can, however, organize and oversee the campaign calendar, help you identify and evaluate gift prospects, coordinate the publication of printed materials, work with and train volunteers, and help direct special events and public relations. Look for a firm with a proven track record and a flexible management style. Counsel should complement your leadership team.

The unique challenges of a campaign can spark fresh opportunities to fulfill the mission, make friends for the organization and renew the dedication and spirit of current volunteers and staff. As with any process, there are peaks and valleys. However, with proper planning, wise execution, a strong commitment to attracting and involving philanthropic leadership, and an urgent and compelling case, you will achieve success.

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## **Is Your Organization Ready for a Capital Campaign?**

**Yes, you are ready for a campaign if:**

- The organization has identified specific and urgent needs.
- The organization has developed and written a compelling case explaining the campaign goals.
- The Board of Directors understands and embraces the long-term commitment of time and resources required for a successful campaign and recognizes that fund raising is not only their responsibility, but a top priority.
- Board members and key volunteers have existing peer relationships with philanthropic leaders and major donors.



- The organization communicates often (more than five times a year) with its donors, constituents and prospects using newsletters and other public relations tools.
- The project budget is as accurate as it possibly can be at this point in the planning process.
- Articulate, enthusiastic individuals are available to lead and to share the vision.
- The staff understands and supports the need for a campaign.
- All other funding opportunities have been examined before turning to the community at large for support.

**With more preparation, you could be ready if:**

- The organization is in the process of identifying specific and urgent needs.
- The organization is developing a compelling case.
- The Board of Directors is willing to learn more about the personal commitment and financial investment required as well as how to solicit gifts from their peers.
- Board members and key volunteers have access to philanthropic leaders, major donors and major gift prospects.
- The organization communicates occasionally (two to four times per year) with its donor base by newsletters, group meetings, occasional visits and through media outlets.
- The project budget is an estimate provided by professionals.
- Articulate, enthusiastic individuals are available on a limited basis.
- The staff is being educated about the need for a campaign.
- Other funding opportunities are being explored.

**Consider delaying your capital campaign if:**

- The organization must still come to consensus on priority needs.
- The organization has not developed a compelling case.
- The Board of Directors has a limited ability to make commitments, provide leadership or is still working to overcome its discomfort with solicitation and/or making financial donations.
- There are few or no relationships with philanthropic and community leaders.
- The organization does not have a public relations plan and communicates infrequently with its constituency.
- The project requires more accurate financial projections before sharing a budget.
- No one is available to lead, make decisions or share the vision with the community.
- The staff is not aware that a campaign is being considered.
- Sources of financial support are not aware of the organization's needs.

## Capital Campaign Process Described

### **Step 1: Make the case for capital improvements.**

The fact that your staff would like bigger offices or a location in a better part of town is no justification for a capital campaign. Successful capital campaigns depend on convincing donors that clients will be better served as a result of the capital improvements. Don't succumb to the "edifice complex:" I.e. "We've been around for a long time and we deserve bigger offices/a more posh location/a staff Jacuzzi." Donors will not be impressed by your proposed capital improvements unless you can demonstrate that your clients will benefit. Additional counseling rooms, a children's wing at the library, an expanded oncology department, space for senior exercise classes-these are the things that will warm donors' hearts. At bottom, fundraising is an emotional business every bit as much as a logical one; your job is therefore to create "emotional resonance" by showing how clients' lives will be improved by the proposed capital improvements.

At this stage, the "case" need only be a couple of sentences. E.g. - "The town of Happy Valley has experienced a 100% increase in residents aged 3 to 12 in the past five years. The new children's wing at the Happy Valley Library will enable us to meet the educational needs of our most precious resource-our children."

Later in the capital campaign process, the case will serve as the basis for a "case statement," which is a handsome document designed to convince donors to make significant contributions to your campaign.

### **Step 2: Locate a site, prepare architectural plans and draft a campaign budget.**

One of Zimmerman Lehman's "15 Rules of Fundraising" is "specificity is next to godliness." Once you have determined that you do indeed have a saleable "case" for the campaign, the next step is to find a site and develop preliminary architectural plans. If your capital improvements will occur on your present site, you still need to prepare these plans. Donors will not buy "a pig in a poke;" they will insist on knowing where you will be located and what the improvements will be.

Do not fall victim to the assumption that, because you can make the case for the importance of the improvements, donors will fall in line whether you have the architectural plans or not. For example, it is one thing to demonstrate that your nonprofit pre-school turns away one child for every child it accepts due to severe space limitations. It is something else entirely to show donors that you have a site in mind for a school that will be twice as large as the current school, and that you have detailed architectural plans and a drawing of the new school.

### **Step 3: Determine the financial and organizational feasibility of proceeding with the campaign**

You are now ready to conduct a feasibility study to determine whether to go forward with the campaign. Nonprofits usually hire consulting firms to conduct feasibility studies, though there are certainly instances in which the study has been done by a staff person (usually the director of development). The principal value of hiring a firm is that the folks who are interviewed for the study will often be more comfortable and forthright in talking with an "objective third party" than with a staff member.

The typical feasibility study involves 30 to 40 interviews of current and past board members, current and past staff, donors, volunteers, clients and other "organizational intimates." The person leading the study will also conduct formal research on those grantors (foundations, corporations, religious grantors and government agencies) that are the "best bets" to make grants to the campaign.

The purpose of the interviews is five-fold:

1. To determine how your organization is viewed in the eyes of prospective donors
2. To determine whether your community understands the importance of the proposed capital improvements with regard to client service
3. To determine whether you have access to financial resources sufficient to reach your campaign goal
4. To "light a fire" under prospective donors by inviting their input about your organization and the proposed campaign
5. To assess your organizational infrastructure and its ability to handle all the particulars of a capital campaign, as well as sufficient volunteer and staff capacity to solicit contributions

A feasibility study "passing grade" means that your community appreciates the work of your nonprofit, understands the value of the proposed capital improvements, and has the financial resources to put the campaign over the top, and that your organizational infrastructure is sufficient to handle the rigors of a capital campaign. E.g. - "In preparing the feasibility study for the proposed new children's wing of the Happy Valley Library, Zimmerman Lehman interviewed 38 men and women, including past and present board and staff members as well as current donors to the library. We also identified eleven foundations that we believe would be interested in making grants to the library campaign. It is our considered opinion that the Happy Library can indeed raise the \$3.5 million that it will require to build the children's wing through individual donations and grants."

### **Step 4: Assemble a capital campaign committee.**

Assuming that your board of directors has concurred with the feasibility study recommendation to proceed, the next step is to put together a well-connected, hard-working campaign committee. The committee should include members of your board, appropriate staff, and other volunteers from the community who care about your organization, understand the importance of the campaign and have the time and willingness to see the campaign to a successful

conclusion. Don't worry about having too many people serving on the committee, but do make sure that everyone who is invited to join is committed.

The chair of the campaign committee should not be someone who is currently a board or staff member. Rather, the chair should be a person of means who is comfortable both serving as the "point person" for the campaign (e.g. - addressing community gatherings on behalf of the campaign) and soliciting significant contributions from colleagues and friends.

The committee is responsible for overseeing the entire campaign. Zimmerman Lehman recommends breaking the full committee into subcommittees to handle much of the campaign detail work. In a recent capital campaign for which Zimmerman Lehman served as counsel, the subcommittees included: corporations, government relations, loans and other types of "bridge funding," major donors, religious congregations, speakers' bureau and special events. The full committee should meet every two or three months for the duration of the campaign; the subcommittees should meet as appropriate, though we heartily encourage regularly scheduled meetings.

#### **Step 5: Plot your fundraising course.**

Capital campaigns depend on as many as six sources of funds: grants from foundations, corporations, government agencies and religious philanthropies; and individual donations at major and modest levels. The capital campaign committee must decide early in the campaign whether or not to hire outside counsel. In either case, the committee must review the six sources of funds above and determine which offer the most significant opportunities.

A word of advice: most capital campaigns depend more on major individual gifts than on any other type of funding. The determination of people of means who are close to the campaign to make-and to solicit-big gifts is the key to the huge majority of successful campaigns. Grants are fine as far as they go, but grantors want evidence of "community support" before they will make capital commitments, and "community support" means the willingness of "organizational intimates" to make significant donations.

All fundraising campaigns have three phases: research, implementation and follow-up. In Zimmerman Lehman's opinion, the most important is research. Whether pursuing a contribution from a grantor or a well-heeled individual, your nonprofit must conduct research to amass all relevant information. Research is the responsibility of the campaign consultant or staff.

With reference to modest individual donors, Zimmerman Lehman recommends conducting a campaign via mail, e-mail or telephone to solicit smaller gifts. These gifts are valuable in two ways: they are campaign revenue and they are "good advertising" in the effort to secure major individual gifts and grants. It is powerful evidence of community support for your capital campaign to demonstrate that, say, 1,217 people responded to your direct mail effort with an average gift of \$58. This may represent only a fraction of your campaign goal, but it will show other donors that your community "means business" about the campaign.

**Step 6: Prepare a campaign case statement.**

If your campaign is to succeed, you must prepare a handsome document that communicates the case for the campaign. One of the most noxious myths in the nonprofit world is "If our written materials look too good, donors will think we're spending too much money on these materials and not enough on programs." If you are to make headway with your capital campaign, you must convince donors and grantors that your organization is a serious "player." Nothing communicates this seriousness like a case statement on high-quality paper that boasts attractive photographs and imaginative design. Scrimping on the case statement is a classic case of "penny-wise, pound-foolish."

With regard to recognition opportunities, capital campaigns provide a marvelous opportunity to honor donors by naming buildings, wings, rooms, etc. Do not take this lightly: some donors will be at least as interested in having their name emblazoned in your atrium as they will be in supporting your worthy cause. Give donor recognition the time and imagination it deserves.

**Step 7: Determine who your top individual major gift prospects are, ask campaign committee members for their own gifts, train them in major gift solicitation and schedule meetings with major gift prospects.**

The "engine" of most capital campaigns is major individual gifts. Capital campaigns should be "front-loaded;" that is, you will succeed if you get an impressive number of large donations early in the campaign. Foundation and corporate grantors almost never make grants at the beginning of capital campaigns. They insist on evidence of community support before they're ready to commit. Nothing says "community support" like significant individual donations. Also, more modest individual donors-solicited by mail or e-mail-will make contributions once they see that their "big brothers and sisters" have made large gifts.

The capital campaign committee must therefore hold a brainstorming session to locate those men and women who might make major gifts. Categories of prospective donors include:

- People who have given to your organization previously and who have the capacity to make larger gifts.
- Friends, relatives and colleagues of committee members.
- Vendors to the organization.
- People in your community who have a record of making major gifts to other nonprofits, and preferably in your subject area.

A note about this last category: major donor solicitation only rarely involves strangers. It is much more important to solicit "known quantities"-folks who have made donations to your organization, are "intimates" of committee members, or do business with your nonprofit. Focus on these categories before approaching strangers.

Remember: "Charity begins at home." Prior to soliciting major individual gifts, each member of the capital campaign committee must make a capacity gift. Obviously, "capacity" means

different things to different people: for some folks, \$250 is a stretch, while others can comfortably give \$500,000. The chair of the committee must visit or telephone each committee member and ask for a donation. Capital gifts are "one time only" contributions that should be significantly larger than committee members' previous gifts to your organization's annual fund (if they have in fact made such gifts). The more the committee gives, the easier it will be to convince other donors and grantors to make sizeable contributions. A corollary: be sure to recruit people to the capital campaign committee who have the wherewithal to make significant gifts. We don't expect that everyone on the committee will be wealthy, but the more money that can be generated by the committee itself the better.

Zimmerman Lehman cannot emphasize too strongly the importance of training committee members in the art and science of major gift solicitation. It would be foolhardy simply to send committee members out on major gift "asks" without training them first. When we conduct full-day trainings for capital campaign committee members, we focus on four things:

- Vitally important fundraising concepts, including "People give money to people;" "fundraising is done from the donor's perspective, not the applicant's;" and "success breeds success." These concepts provide the theoretical underpinning for the balance of the training.
- Exercises to help committee members overcome their fears of fundraising and to help them deal with the criticisms and concerns that may be voiced by prospective donors.
- Specific instruction in how to make the "ask."
- A role-playing exercise to give committee members a concrete sense of how it feels to make these solicitations.

Once the training is over, committee members must get on the phone or on e-mail to schedule meetings with prospective donors. The committee chair has an important role in "nudging" committee members to make these calls.

### **Step 8: Solicit grants from foundations, corporations, government agencies and religious grantors**

Once your committee has had some success with major individual donors, it's time to submit letters of intent and full proposals to grantors. A staff person or consultant is responsible for doing the research to determine your "best bets" among grantors. In Zimmerman Lehman's experience, most grantors are not interested in capital campaigns, but those that are interested often have the ability to make large donations. It is imperative that the grantor have a history of giving both to organizations in your subject area and to capital campaigns.

We do not recommend that volunteers who serve on the capital campaign committee conduct research or draft letters and proposals. Where these committee members can be helpful is in (a) contacting people they know at grantor agencies in the effort to move your letter to the top of the pile; and (b) meeting with grantor program officers who have expressed interest in your campaign.

In preparing letters and proposals to prospective grantors, keep in mind that these grantors often have vast experience with capital campaigns and therefore will ask you hard questions. For example, you may be quizzed on your plans for funding building operations once the bricks and mortar improvements are complete. One of Zimmerman Lehman's "15 Rules of Fundraising" is "Specificity is next to godliness." Vague promises to raise money for building operations will not suffice. Grantors will expect that you have given a great deal of thought to raising these funds and that you have specific kinds of campaigns in mind.

### **Step 9: Hold a kick-off event and solicit modest individual donations.**

Once you've raised approximately 50% of your capital campaign goal, it's time to move from "the quiet phase" to "the public phase." Zimmerman Lehman recommends that you hold a splashy kick-off event to announce to the world that you have exciting plans to erect a new building or renovate an existing one. You may wish to have the event at the building site; the upside is that prospective donors and grantors, as well as members of the press and members of your community, can see exactly what you have in mind. If, however, the site is too dirty, dangerous or otherwise undesirable, there is nothing wrong with holding the event at a local restaurant, community center, or even at the home of a board member or major donor.

The reason to hold a kick-off event is not to raise money on the spot, but to give your campaign a public profile. It is therefore imperative that you invite members of the print and electronic press. Draft a press release and have copies of your case statement handy. You certainly should have a formal program, but keep it short. Likely presenters include your board president, executive director and architect. Make sure, too, that you display architectural plans, as well as a drawing and three-dimensional model of the completed facility.

Following the event, begin to solicit modest individual gifts via direct mail, e-mail or telephone. While these gifts will not be large, they have great advertising value. Major donors and grantors are impressed when they see that community members of relatively limited means have "stepped up" and made contributions to your campaign. This will smooth the way in securing those final major gifts and grants.

### **Step 10: Celebrate your success!**

Once you've successfully completed your campaign-on time and in full, we assume!-bring capital campaign committee members, donors, grantors and other "organizational intimates" together at the site to party the night away. Be sure to have a short formal program in which you thank everyone who was instrumental to the campaign's success. Remember: today's capital campaign donor is tomorrow's annual fund supporter, so view this as a link in a long chain.

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# Capital Campaigns: Everything You Need to Know

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## The Campaign Budget

There are two budget areas that must be considered when embarking on a capital campaign—the project budget and the campaign budget.

## The Project Budget

If the project involves construction, the architect or construction manager will generally help develop the budget for the building. This budget will include items such as:

1. Construction costs (sometimes called hard costs, soft costs being expenses such as fees and permits).
2. Architectural fees (usually a percentage of the project).
3. Architectural renderings (The renderings need to be completed before the campaign is launched because they play an important role in building the case for support. The costs affiliated with the renderings will need to be funded up front.)
4. Engineering and contractor fees.
5. Fees and permits required by local municipalities.
6. Environmental impact statements including historical impact studies if the building involves a historical structure.
7. Possible environmental clean up if issues are found such as asbestos removal, soil remediation, etc.
8. Furniture, fixtures and equipment.
9. Communication systems (telephone, internet, etc.)
10. Computer systems, including wiring.
11. Rental for office space during construction phase (if needed).
12. Interest on loans for construction or bridge loan while pledges are being paid.
13. Inflation (the longer the project is delayed, the higher expenses will be).
14. Contingency for unexpected expenses.

## Campaign Budget

Campaign expenses are a separate budget and are often funded through the campaign itself. For some organizations, if their operating budget allows for covering campaign expenses, the entire campaign dollars raised can go directly into the project. However, in most cases, these expenses will be folded into the overall goal for the campaign. Fundraising costs are dependent on many factors, such as the size of the campaign, the duration of the campaign, the geographic scope of the campaign, the amount of time required from a consultant, and the existing fundraising structure in place within the organization.



As a general rule these costs will run somewhere between 5% and 15% of the total campaign goal. Generally the larger the campaign, the lower this percentage will be.

The campaign budget may include such items as:

### **Personnel**

If the organization needs to hire extra staff to manage the campaign, the budget should include salaries, benefits, and employment taxes.

### **Professional Services**

This line item may include a campaign consultant, a grantwriter, a public relations consultant, and outside bookkeeping services. The organization should be sure that proposals from consultants include all anticipated expenses. Does the consultant require housing while on site, will there be rental cars, airfare, mileage expenses? Organizations should check with their state regulatory authorities to make sure their consultant contracts comply with state laws and that the counsel being engaged is registered in their state where registration is required.

### **Marketing and Education Materials**

This line item should include all of the materials needed to promote the campaign including:

- graphic design;
- photography;
- printing of brochures, letterhead and envelopes;
- website design;
- audio visuals; and,
- telephone fundraising firm.

A word of caution on engaging telephone consulting firms. The organization should look for firms that work on a flat fee basis, not a percentage based fees, which is unethical according to AFP standards. In many states firms are required to disclose their fee if they work on a percentage basis.

### **Donor Recognition**

How you will recognize donors needs to be planned early on, so donors can be advised as to what type of recognition they will receive. This line item should include the costs of both design and installation.

### **Campaign Events**

Events should include donor cultivation, the kickoff event, report meetings, groundbreaking and dedication events. Event expenses will generally include facility rental, entertainment, equipment rental, catering, and possibly an event director or the fee for a professional events consultant.

### **Support Systems**

If the organization needs to purchase software or hardware this can become a line item in the campaign budget or in the general operating budget, since the system will be used for ongoing development operations. Other line item expenses in this category will include telephone, fax, and Internet costs directly related to the campaign. Include line items for postage and office supplies in this category, as well.

### **Travel**

Travel expenses may be a factor if the campaign is regional or national in scope, or if trips to national or regional foundations to solicit funds are required. Don't underestimate this category, as it is often more costly than most campaigns budget for. Include line items for the travel (air, rental car, taxis, etc.), a set per diem cost, and entertainment expenses.

This campaign budget does not include the costs of a feasibility study, which can cost anywhere from \$5,000 to \$50,000 and should be undertaken before you begin to seriously work on the campaign itself.

The campaign budget should be developed during the campaign planning phase and monitored on a monthly basis.