Introduction to Effective Fundraising

The elements of building a successful fundraising strategy

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What is effective fundraising?

• Low spend / high return?
  • Cost per dollar raised
  • Return on Investment

• A program delivering more net each year?

• A sustainable program delivering more net each year?
  • Diversification – are you eggs all in one basket?
  • So more people need you than you can reach today?
Today

• Fundraising in context – big picture sources of funding
• New Zealand’s individual giving market
• Strategy options
• Couple of critical factors to success
What does Effective Fundraising Look Like?

- **It is hard work**
- **You have to make choices and set priorities**
- **Fundraising is an indistinguishable part of your organisation, not a separate function just generating the money**
- **There is no one-size-fits-all or magic template**
My fundraising strategy

Because of the need to diversify from our reliance on events and corporates, our plan is to keep the income from those secure, whilst investing our surplus in a new regular giving program. We will also be investing more in....
Data / information we collected to come up with that strategy

Corporate and events have been growing, but seem to be harder every year and our demand for services is greater. World Vision seem to do well from regular giving, and I went to a training...
My fundraising strategy driver

Growth? Stability?  
Diversification? Other?

My fundraising strategy targets

Next year
Three years / five years
Net / Gross / Return on investment etc
Fundraising in context

The big picture

Facts not anecdotes
The Big Picture

Overall Fundraising Strategy

Consider
Corporate & Events

Government

Consider
Trusts & foundations

Consider
Associations, groups

Individuals - Long term growth

Bequests / Legacies

Major Donors

Regular Giving

The Giving Constituency
Types of Individuals

- **Occasional**
  - Singular emotional response
  - Other motivation – raffle, auction, peer-support

- **Strong Relationships**
  - Regular Givers
  - Multi touch point
  - Longevity giving

- **Total Commitment**
  - Bequests
  - Major Donors
The Big Picture

Government, trust & foundations offer immediate funds

But in 10 years time...?

Bequests / legacies, major donors and regular giving

Appeals and acquisition are the means to this end
Simplified

Overall Fundraising Strategy

Government

Individual – Long term Growth

Trusts and Foundations

Corporate
Individual giving is currently the **ONLY** long term solution for growth.
New Zealand’s Individual Giving Market
Fundraising Benchmarking Trends Report 2015
2015 Members: New Zealand

Amnesty International New Zealand | Blind Foundation | CBM New Zealand | Child Cancer Foundation | Child Fund New Zealand | Coastguard New Zealand | Fred Hollows Foundation New Zealand | Greenpeace New Zealand | IHC New Zealand | Life Flight New Zealand | Mary Potter Hospice | New Zealand Breast Cancer Foundation | New Zealand Red Cross Society | Oxfam New Zealand | Plunket | Royal Forest and Bird Society of New Zealand | SPCA Auckland | St John New Zealand | Starship Foundation | The Stroke Foundation of NZ | UNICEF New Zealand
Gross Individual Income - by year

Income


Bequest Cash Child Sponsorship Regular Gift Event Other

$0 $50 M $100 M
New Recruits - by year

Recruit Year

- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014

Recruits

- 0
- 50 K
- 100 K
- 150 K
- 200 K

Bequest
Cash
Child Sponsorship
Regular Gift
Event
Other
Average Bequest - by charity (excluding gifts below $1K)

Avg Gift last 5 yrs

Average Bequest

$300 K

$200 K

$100 K

$0
Pledged Bequest Rate - by type of support

- Face to Face CS
- Face to Face RG
- Regular Givers
- Cash Donors
- Loyal F2F Donors
- Active Cash Donors
- Non Face to Face RG
- RG & Cash Donors
- Loyal Active Cash Donors
- Loyal Non F2F Donors
- 1k+ Donors

Confirmed Bequest Rate:
- 0%
- 1%
- 2%
- 3%
- 4%
Older is better
New Zealand Donor Pyramid

- **Bequest**: 0.2% of donors (285 donors) - $37,344
- **Major**: 0.3% of donors (296,271 donors) - $4,800
- **RG**: 44.0% of donors (234,784 donors) - $240
- **Cash**: 55.5% of donors (296,271 donors) - $81

2014 Income

- Bequest: 28%
- Major: 7%
- RG: 20%
- Cash: 46%
Lots from few v little from many

- Bequests
- Major Donors
- Grants
- BIG events

- Appeals
- Regular giving
- Sponsors
- Lotteries
Approaching Strategy
The need for growth

What is your fundraising vision?
A fundraising vision that answers the questions

• How many donors do we want?
• Do we want a large number of donors or do we want to focus on larger gifts from fewer sources?
• What kind of donors do we want?
  • Do we want a donor base of individuals?
  • Do we want corporate donors?
  • Do we want to take funds from the government?
• Are we looking to diversity or to focus our fundraising?
  • What do we want our funding source pie chart to look like at the end of five years?
• What donor audiences can we best reach with the channels of communication have we built?
  • Will these channels of communication most effectively carry our message to our target donor audiences?
• What do we want our donors to do for us?
  • Just give money?
  • Or is there some other way we want them involved in our mission?
  • How can we best leverage their support to make real change on our issue?

http://www.frontrangesource.com
The need for growth

What is my fundraising vision?

What sort of strategy do I need to achieve my vision?
Ten Steps to Fundraising Success

1. Assess your current fundraising efforts
2. Assess the fundraising strengths and weaknesses of your board and staff
3. Assemble the team to select the best fundraising strategy
4. Weigh the costs and benefits of the available strategies
5. Choose the right tactics for this fundraising strategy and goals
6. Turn fundraising goals into achievable objectives
7. Set fundraising goals that support your fundraising strategy
8. Chose the strategy that is right for your mission
9. Create a master calendar and keep on track
10. Measure your progress

Mal Warwick & Stephen Hitchcock. www.josseybass.com
<table>
<thead>
<tr>
<th><strong>Growth</strong></th>
<th>Audacious goals. Bold.</th>
<th>Big Impact</th>
<th>Resource intensive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Involvement</strong></td>
<td>Voluntary. Lobbying.</td>
<td>Public participation</td>
<td>Staff intensive</td>
</tr>
<tr>
<td><strong>Visibility</strong></td>
<td>Brand identification.</td>
<td>Broad public awareness</td>
<td>Resource intensive (usually)</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>Cost-conscious. Well established</td>
<td>Frugal management</td>
<td>Staff and time intensive</td>
</tr>
<tr>
<td><strong>Stability</strong></td>
<td>Unchanging values. Broad $ base</td>
<td>Cash reserves. Long term view</td>
<td>Resource intensive</td>
</tr>
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How have others grown?
Critical Factor: Your Proposition
Your fundraising proposition

1. What the charity does – the services you provide, the research you do, the teams helping, the campaigns undertaken
2. Your history and track record
3. Your board, your leader
Your fundraising proposition

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2. Your history and track record

3. Your board, your leader
“Your donation makes a difference. We promise. Donate today.”
Your fundraising proposition

“Your donation makes a difference. We promise. Donate today.”
Your fundraising proposition

People give to you because you meet needs, not because you have needs

- Are you clear on the needs you meet?

A gift to your organisation is a gift through your organisation to the community

- You are not the end user of the gift (it's not about you)

Fundraising is not about money, it's about relationships based on shared values

- Are you really clear what your values are?

http://www.kaygrace.org/
Your fundraising proposition

Answers the question:

Why should I give?
Your fundraising proposition

Creative Audit → Audience framing → Competitor review → Stakeholder consultation → Understand strengths, weaknesses and points of difference → Creative workshop(s)

- Know what you need money for – how you are going to spend it but more importantly for what outcome
- You are offering a solution to the problem as the donor understands it, not as you do
- It's not about huge numbers or big brand statements. It's a simple fact that brings home, in human terms, your impact
- Focused & emotive
Assessing Impact
Assessing Impact

What you focus on affects your ability to grow

• Classic measures
  • Cost Per Dollar (CPD) / Cost of Fundraising (COF)
  • ROI
Assessing Impact

What you focus on affects your ability to grow

• Classic measures
  • Cost Per Dollar
  • ROI
    • Comparing programs (includes staff costs)

• Overcoming their limitations
  • Net return – how much more do you have for your services / program?
  • Income per fundraiser
Making it all happen

- Make a concrete, measurable plan
- Get organisational buy in
- Avoid being internally focused
- Don’t overestimate your ability
- Seek experience & expertise
- Review
Experts worth reading: Dan Pallotta, Mal Warwick, Ken Burnett, Kaye Sprinkle Grace, Bill Toliver, Simone Joyaux, Sean Triner

Excellent resources:
• Showcase of Fundraising Ideas & Innovation http://sofii.org/
• Resource Alliance http://www.resource-alliance.org/

Support in New Zealand
• Grants: Strategic Grants https://www.strategicgrants.co.nz/
• Major Donors & Capital Campaigns: Giving Architects http://www.givingarchitects.com/
• Fundraiser Recruitment: Execucare http://execucare.co.nz/

THANK YOU

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Pareto Fundraising

Fundraising Campaign Execution
- Cash Donor Acquisition
- Warm Donor Appeals
- Request Marketing
- Regular Giving Acquisition
- Donor Surveys
- Regular Giving Conversion
- Newsletters
- Campaigning & Activism
- Data Segmentation & Personalisation

Fundraising Planning & Consulting
- Fundraising Strategy Planning
- Fundraising Communications Planning
- Product Development
- Market Entry Planning
- Performance Benchmarking
- Data Insights Analysis
- Proposition Development
- Board Coaching
- Staff Training
- Budget & Scenario Planning
- Predictive Modelling