



## Are You Ready to Launch a Major Fundraising Campaign?

**Arts and culture organizations** increasingly look towards large-scale fundraising campaigns to achieve their visions while stabilizing their financial models. However, careful planning and preparation is needed in developing and managing such an effort. Arts and culture organizations must state their needs in a compelling case statement, invest in internal and external resources, and succinctly articulate a clear vision for the future with positive impacts for the broader community. At the same time, donors and patrons need to be engaged throughout the campaign planning and implementation process to ensure their commitment to its success.

So, how does an arts and culture organization know it is ready for such a major undertaking? This article explores how board and senior management leaders can objectively determine if this is the right time for their organization to launch a large-scale fundraising campaign. It also examines the steps in the preparation and planning phases that are key to a successful campaign.

### The Need for Financial Health

What are the most important measures that leadership should look at to determine financial health? According to Alice Antonelli at the Nonprofit Finance Fund , which examines financials from organizations from all geographies and sectors, there are two ratios that are very important for nonprofit leaders to track — and both have to do with liquidity and availability of resources.

The first consideration is how many months of cash does an organization have on hand to pay bills during both good times and bad? Best practice in personal finance is having six months of expenses on hand in cash, and the nonprofit sector is no different.

The second ratio is months of available net assets, also known as net working capital. The idea is to understand how much in accessible net assets without restrictions is available to support operations or is available to pay the bills. This number may be greater than, the same as, or less than months of cash. If it is larger, most likely it means that the organization has receivables without restrictions that may be available for conversion to cash. If the number is less, it may mean that some of the cash is restricted or spoken for. Leadership may want to track both numbers, or just the more conservative of the two, to monitor the progress of liquidity and availability. Once understood, leadership can then determine how a major fundraising campaign can build upon and improve the financial health of an organization.

### Articulate a Clear Case for Support

To articulate a clear case for support, arts and culture organizations must examine their future goals and how they benefit their constituencies and the greater community. Having a living strategic

plan embedded into all areas of operations is essential for effective case statement development. What are the organization's strengths, weaknesses, opportunities, and threats and how are they being addressed? What is the vision for programming, performances, and facilities? Launching a campaign to close the deficit gap or replenish the endowment fund is not a compelling campaign statement. The ability to articulate the vision and its end result will ultimately impact the community. Taking stock in strengths and opportunities are also a prerequisite to launching and sustaining a major multiyear fundraising project.

### **Quantify Financial Needs**

Creating multiyear financial models, projecting earned and contributed revenues, and looking at the necessary management and governance resources to support the new programmatic, artistic, facility, and other initiatives will be necessary. This work may require special board committees or outside consultants. An independent assessment of current human, operational, and technological resources or a targeted development audit with specific recommendations can be very helpful. Additionally, donor wealth screening can be a particularly effective tool to strategically identify individuals who are already connected and committed to the organization in order to better understand their potential capacity to make significant contributions and achieve strategic plan goals.

### **Embark on a Campaign Readiness Assessment**

A campaign planning study (sometimes called a feasibility study) will assess the potential for the community to support the campaign case and financial goal. Through confidential interviews with high-capacity individuals identified through donor wealth screening and assessment of past giving trends, the study will determine the feasibility of an organization's strategies for raising funds from private sources, including gifts, grants, and bequests. It will also assess a donor's perceptions of the organization and its leadership and programs, as well as establish total fundraising capacity for the campaign. The campaign planning study will develop strategies for proceeding with a campaign and refine the campaign goals and resource requirements. Information gathered during the planning stage allows an organization to make appropriate adjustments before beginning to work on any endowment or capital campaign. Likewise, it may alert an organization that more preparatory work is needed before launching a campaign.

Perhaps most importantly, testing for campaign readiness can help an organization pre-sell the campaign strategy and messaging to prospective donors, laying the groundwork for actual requests for contributions. The study will also identify potential volunteer leadership, staffing needs, role of counsel, timetables, and other resources required for launching and conducting a successful campaign effort. Issues to overcome may also be revealed, such as possible opposing attitudes, confusion of vision, and competing campaigns in the community. Interviews and surveys not only seek information but also inform potential funders about the future of the organization and resources required to achieve that vision.

## Campaign Planning Checklist

The following checklist of critical attributes can be used to determine the remaining components needed to launch an effective and successful campaign:

- **Existing Annual Fund** — A robust annual fundraising program that acquires, renews, and upgrades donors on a consistent planning cycle is essential to success. A strong foundation of current, qualified, and engaged prospects is needed to sustain a successful long-term campaign.
- **Urgent and Compelling Case for Support** — Organizations must articulate a demonstrated need, explain how the results will impact the organization and community, and answer all the anticipated questions about goals, leadership, and capacity. Campaign leadership must communicate a dynamic vision that demonstrates relevancy and generates the excitement and commitment needed to realize the plan's financial goals.
- **Strong Internal and External Leadership** — The leadership endorsing and soliciting for the campaign is as important as the project itself. Organizations and their leaders must be confident that they can and deserve to raise this kind of money. The board and senior leadership should be capable, eager fundraisers who are comfortable asking for money. In fact, 50 percent of an executive director's time should be spent on the campaign. It is also important to identify and recruit a capable volunteer leadership team, fundraising staff, and/or experienced campaign counsel to support the campaign.
- **Qualified and Committed Major Gift Prospects** — What is the breadth and depth of the prospect pool? Is there a sufficient number of qualified prospects? Is there a way to objectively research existing donors? Most campaign donors are already giving to an organization so fundraisers must quantify their capacity and judge their interest in making a larger gift. An organization and its vision must be a chief philanthropic priority for top donors.
- **Investment in Needed Resources** — Organizations must be prepared to invest in the required resources to launch a successful campaign. This includes a budget, dedicated campaign staff, written campaign implementation plan, consultants, and technology systems. Assess and confirm that the human, financial, and technical resources needed to manage an annual fund are in place before starting a separate, complementary fundraising effort.
- **Realistic Sequence and Timeline** — The campaign plan must have realistic and achievable goals within the context of the overall desired revenue, the available organizational resources, and the benchmarked calendar of gift receipts. Timelines must be reasonable while still creating an appropriate sense of urgency.

## Map for Success

After reviewing this checklist and preparing for a campaign, an organization should then create a map outlining its path to success. Every campaign needs a strong business plan and accompanying financial analysis with specific, measurable, attainable, reviewable, and time-sensitive (SMART) goals defined. For capital projects, costs need to be estimated from conception through opening and beyond. Endowment goals should be established based on a percentage of annual funding needs. The urgency for operating cash may determine that cash reserves are preferable to endowment. Finally, an independent verification and confirmation of financial goals will serve as a guarantee that internal estimates are accurate.

## Final Thoughts

There are no shortcuts or magic bullets for major fundraising campaigns. In the arts and culture industry, with many dynamic leaders and seasoned donors, it can be tempting to jump into a campaign. Developing a campaign is not something to be undertaken lightly or hastily, regardless of how urgent the financial need. A successful campaign is built with a solid foundation of an articulated vision with a strategic plan based on data, research, cost projections, and implementation tactics. Engaged, focused, and energized campaign leadership successfully working together to achieve a common goal will create momentum and results that resonate for years to come.

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