

The Agony and the Ecstasy: Developing an Annual Fundraising Program

By Carol Norris Vincent
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Introduction

There is much handwringing and gnashing of teeth today when there is talk about fundraising in the 1990s. However, the challenge is as exciting as ever, with untapped potential in most of our communities.

Many museums are looking for that magical one gift or one source that will answer all funding needs. But is that what is best for the organization? Of course not! A broad-based funding program is what will provide stability for our museums as we approach the 21st century.

And what of government funding? The 1991 survey of museums in Indiana, conducted under the auspices of the Association of Indiana Museums, revealed that many Indiana museums rely on some government funding. But as these sources may become less available, it behooves museums to broaden their base of support and thereby strengthen the organization through diverse funding and increased awareness of the museum and its mission. This paper will not address how to garner government funding.

Recent information reveals that non-profits receive their philanthropic funding from these sources: 85% from individuals, 5% from bequests of individuals, 5% from foundations, and 5% from corporations. How can we tap these sources effectively while pursuing our museum's mission and maintaining its facilities?

Developing a Fundraising Program

The key to developing a successful annual fundraising program is to plan – it's as simple as that! Your museum, of course, will already have a sound mission from which a case for support can be built. Your board members and enthusiastic volunteers will be crucial to a successful program – in many more ways than just simply asking for money. And a steadily growing program that gradually broadens your donor base will lead you to the financial support you want to help your museum fulfill its dreams and the dreams of those we serve.

In everything we do, no matter what the fundraising program, keep in mind the basic reasons that people give:

- Social acceptance
- Gaining a position of influence to help shape the future of an institution
- Dedication to the cause
- Sense of moral obligation
- Business purpose

- Direct, personal benefits
- To honor or memorialize a loved one
- Perceived benefit to the community or region
- Income tax advantages

The Beginning Program: Membership

Nearly every museum in the nation has a membership program because most people are joiners. They happily join successful, growing organizations with pulsating programs. Your membership program becomes the base of your fundraising program. It seems so very simple, and many programs are established with little thought. But whether or not your membership will grow and be vital depends upon your attention to this foundation of your museum's fundraising program.

There are many ways to target those who may be interested in becoming a member: capturing names and addresses of those who visit your museum, attend your programs, and use your services; asking board and volunteers for suggested names; community leaders; descendants of your community's founders and leaders; personal solicitation when presenting programs in the community; students (young and old alike) of classes that relate to collections in your museum.

This process is on-going; but, in order to keep these members, several things need to happen:

1. Serve them and remind them that you exist. Regular contact, through a newsletter or program mailing, is crucial. Contact at a *minimum* of four times a year is essential. This contact should be the most attractive, quality product your budget can afford. In today's world with computers and photocopying capabilities, there is no excuse for sloppy information being mailed to your constituents.
2. Ask for their renewal. Send out reminders at least three times, and if they don't renew, then follow up with a "we've missed you" reminder six to 12 months later.
3. Keep your "database" clean. At least once a year, send a mailing that will give you current addresses or let you know if a member has moved away or died. It will cost a little money to ask for an address correction on your mailing, but in the long run it will be far cheaper than sending out mail that is reaching no one.
4. Don't underestimate the value of a membership. Far too many museums have memberships of \$1 or \$5. You simply cannot provide any sort of service to your members for that small a fee. Let's do some simple math for a minimal annual membership:

• 4 four-page newsletters (paper, printing & mailing)	\$2.50
• 3 renewal notices (paper, printing, envelope, mailing)	1.20
• 2 postcard notices of meetings	.70
• 1 membership card or receipt, postage	.50

That adds up to \$4.90 every year, with no amount built in for staff or volunteer time to keep the database current, to find members, to provide any sort of program, or to serve members by answering their questions, writing and preparing the newsletters and notices, the value of free admission (if others are charged) or discounts in the gift shop, etc.

5. Do not give life memberships UNLESS that money goes into an endowment or fund which provides annual income to service that membership. A \$100 life membership will provide a maximum of \$5 every year, if invested wisely, to service an individual's membership. The large amount of money looks tempting, but to use it in the year it is received will be devastating in the long run, for you will be required to provide a minimum of \$5 in service to a member with no annual income to offset that expense.

Individual Philanthropic Gifts

Direct Mail

Many people *want* to give: they are just never asked. With limited time and personnel, the easiest way to begin asking for money is by direct mail. This is also the most expensive in terms of real dollars because this is the method most used to simply find donors and persuade them to get in the habit of giving to your museum.

Your membership database, of course, becomes the nucleus of your very first direct mail solicitation. For relatively small museums, please don't think of direct mail as requiring hundreds of thousands of pieces of mail. You may direct your mail to a very specific group of people or to several targeted groups. Your success will depend in large part upon how effective your letter is.

Your letter should build a compelling case for how well the gift from the donor will be used. Don't dwell on the *needs* of your organization. Talk about the wonderful things you will be able to do with the support you will gratefully accept from the donor – your organization's friend.

As with your membership materials, the quality of the letter and the entire package should be top notch. It does not have to be expensive but should be attractively typed (no misspellings or old typewriter ribbons, please!) and on nice quality paper in a nice envelope.

Be sure to include an easy way for them to send their gift to you; this is called a response device. Probably the most effective is an envelope that includes a form on which they can fill in the information about how much they are giving, for what purpose (if you give that option), their name and address, and boxes to check for further information: "please send me information about membership, how to volunteer, etc."

If possible, the name and address should be typed on the envelope (rather than a label or using a window envelope), and either send it first class – if you have less than 200 – or use a bulk rate postage stamp if you are sending it by bulk rate. Don't use a printed bulk rate indicia or meter the mail.

Once you've received the gift, send a thank you note as soon as possible. For a large gift, a phone call or a hand-written note from the Board President – in addition to the thank you note/letter – is a wonderful touch that donors remember. If your thank you letters go out over the Board President's signature, then a phone call or hand-written note from another Board member, a revered volunteer, or your Curator or Director is also appreciated.

The definition of large – or major – gift, of course, depends upon the organization. For a museum with a budget of \$10,000 annually, a gift of \$100 may be highly valued. However, if the budget is \$1 million or more, perhaps \$1,000 gifts are considered large.

In the beginning, a year-end appeal (calendar year, not your fiscal year) is effective. Try to target your mail date between late September and Thanksgiving. Donors are inundated in the period between Thanksgiving and Christmas with appeals. Try to beat the rush!

As your program expands, try an additional direct mail appeal when your museum is at its most active. If you have an active summer program and you receive a lot of publicity, try sending out an appeal about the time you begin to get your first publicity. It reinforces how wonderful your museum is!

Be sure to keep your database accurate and complete, noting not only correct names and addresses but also when the gift was received, how much it was, for what purpose it was designated if any, which appeal they responded to, etc. Your database can be as simple as three by five cards if you don't have a computer yet, but do keep a database of some sort. Don't just take in the money without being able to track the information.

Major Gifts

As mentioned earlier, each museum has to determine what a "major" gift is, but every organization should work at developing a core group of major donors. Generally you can anticipate that about 10% of your donors will give 60% of your total gift income; 20% will give 20%; and 70% will give 20%.

Once you have targeted who these givers of larger gifts are, obviously you should concentrate your efforts on this group. This group should receive individual, personalized attention. They should be asked in person for their gift. They should be given special opportunities: invited for special events, given behind-the-scenes tours, be privy very early to exciting or challenging information about your museum, called upon regularly, and treated as the good friends that they are.

You then will want to identify that other 20% who are giving you larger gifts than that large group of 70% who are giving your the smallest gifts. With this 20% group, you should work at ways to upgrade their level of commitment.

Finally, identify and eliminate the prospects or lapsed donors who are taking more of your resources than their level of commitment would warrant.

When thinking of donors, we often use the pyramid to describe types of donors, percentages of donors, etc. Another type of pyramid is the commitment pyramid where donors move from the lowest level to the highest:

- Awareness of your museum
- Interest in your museum
- Support of your museum
- Commitment to your museum
- Involvement with "their" museum
- Leaving a legacy for their museum

Gift Clubs

One effective way to involve major donors and to move them up the commitment pyramid is what is known as Gift Clubs or Donor Clubs. The basic concept behind these is a sense of belonging with a group of people who share the same level of commitment to an organization that you do. These clubs recognize donors and give them a chance to mingle with each other and have special opportunities. It is a form of personalized attention to your best friends.

Often gift clubs are an extension of your various membership levels; the significant difference is that a major portion of the amount given to your museum is tax deductible.

Smaller museums may wish to recognize donors based on cumulative giving, while larger museums may "require" a large annual gift to qualify for gift clubs levels.

Gift clubs are often named after important people in your community or organization's past or, more typically, by logical levels of beneficence: Benefactor, Patron, Contributor, Friend. The more successful ones, however, have unique names which help the donor to be reminded of the commitment to a specific museum. Often the founder of an organization is honored with the highest level of giving club. The William Henry Smith Society carries a lot of weight with those who know his role in establishing the museum, and this is a way to remind donors of the commitment of its founders.

Establish your gift clubs after considered planning and consensus in decision-making. Making changes in the levels required to reach various clubs, names of the clubs, or benefits indicates that your planning was not complete enough.

Often gift clubs members

- have their names on a plaque in a public place or in the annual report
- have a special membership certificate or card
- get a memento – pin, paperweight, etc.
- are invited to a special dinner and other special events.

Plan carefully, however, so that what the donor gets back is valued by the donor, for very often these benefits have monetary value (pins and dinners, for example) and thus are not tax deductible.

The whole issue of tax deductibility would require another article, but your museum's treasurer, accountant, or legal adviser should be consulted when deciding upon benefits and how to present them to donors.

Corporate Philanthropy

Corporate Gifts

Corporate giving is an important aspect of any broad-based fundraising program. However, remember that only a small percentage of philanthropic dollars are given by corporations. Therefore, plan the time that you spend on soliciting corporate donations wisely and target the most likely prospects.

There are several effective ways to garner corporate dollars:

1. Utilize the business contacts of your board members and active volunteers to determine who the most likely prospects are.
2. Work with the corporation, as with major individual donors, to develop an awareness of the importance of your museum to the community and how their investment in your museum will aid the community.
3. Be open to offers of time by employees or executives of the company as well as gifts-in-kind (see separate section on Gifts-in-Kind).
4. Look for ways that a corporation may become a "sponsor" of a project, exhibit, program, or event. You will need to work with your treasurer/accountant and the corporation to determine whether the assistance you receive from a sponsorship is fully tax-deductible, partially tax-deductible, or not tax-deductible (i.e., a quid pro quo situation in which the corporation receives back from your museum a value equivalent to their sponsorship dollars such as free tickets, corporate advertising/exposure, etc.)
5. Determine if the approach to the corporation is best made in a one-on-one "ask" of the President/CEO or whether the corporation has a foundation through which grant proposals are reviewed (see section following on Grants).
6. Look outside your community for potential corporations with a tie to your community. Perhaps the CEO of a successful company elsewhere in the state grew up in your town. That tie to the home community may still be strong, and the CEO will be flattered that you value that relationship with the community.

Treat corporations as you do individuals:

- thank them as many times as is appropriate and thank all of those in the corporation involved in making the gift
- recognize their gift in a public way if appropriate – in your newsletter, on a donor recognition board, at a public meeting
- ask them again to make sure they feel that their gift is a necessary part of your continued success

Corporate Matching Gifts

The concept of corporate matching gifts continues to grow. Many major corporations match dollar for dollar (or with an even greater match) contributions made to charities by their employees. Be alert to which companies do this and always include a phrase in your mailings to the effect that the matching gift form from a company has been included.

Each company handles its matching gifts program differently, but the basic concept is that a donor initiates the matching gift from his company by requesting a form which the donor fills out and sends with each gift. An official from your museum then signs the form and confirms that a donation was received from the donor. Companies may limit what types of charitable organizations they will support with matching gifts.

Your effective ties to the corporate community may be able to encourage local corporations to begin a simple matching gifts program. There is something uniquely American about an employer wanting to validate an employee's interest in a charitable organization by also giving to that organization.

You may find also that some corporations may give philanthropic dollars in grant programs if their employees *volunteer* for an organization. You may wish to encourage your volunteers to see if their company has this type of program.

Foundation Giving

Too often museums look to grants as the only answer to their fund-raising challenges. That big chunk of money looks really inviting, but an awfully lot of time and effort can be spent trying to make a project "fit" with the goals of a foundation or in trying to come up with the matching funds required.

Once again, searching for grant money is just one aspect of a broad-based fundraising program. And, as with corporations, the amount of money given by foundations as compared with individual giving is relatively small. Therefore, focus your efforts on the most likely foundation prospects.

Types of Foundations

1. Independent foundations are those designated by the IRS as a private foundation whose primary function is to make grants. Their assets have most commonly come from gifts of an individual or a family.

2. Company-sponsored foundations derive their funds from a profit-making business. It is an independent entity from the corporation but functions in concert with corporate policies and interests.
3. An operating foundation is a private foundation which *may* make grants to other organizations; however, their main function is to fund programs which they themselves conduct.
4. Community foundations are becoming more prevalent. They hold assets derived from many donors and may include funds restricted for a specific use by the donor. Community foundations
 - generally serve a carefully defined geographic area;
 - have assets managed by trustee banks; and
 - are governed by boards and grant-making committees broadly representative of community leadership

The Granting Process

1. Start with an idea that would interest a foundation.
2. Go prospecting for the right foundations.
3. Send to foundations for materials such as annual reports and requirements for grant seekers.
4. Read the materials and assess the possibilities. Discard those which are not relevant; the remainder are possible grantors.
5. Do everything you can to develop *personal* contact with the foundation.
6. Write the proposal from the standpoint of the foundation's interests while being true to your project and realistic about the project.
7. Mail the proposal.
8. Wait patiently; don't call to check on the process if the foundation says not to!
9. When you hear from the foundation,
 - If a form letter rejection is received, don't spend more time on that foundation.
 - If a personal rejection letter arrives, call and thank the person who signed the letter and ask for feedback. Follow up with a letter thanking the foundation for looking at the proposal.
 - If the grant is approved, write a letter thanking the foundation for the grant.
10. Spend the grant money as proposed and follow up with the requested reports.
11. Apply to that foundation for future projects which fit their guidelines.

Common Elements of a Grant Proposal

Make proposals easy to read: use headings and sub-headings to break the tedium of a lot of text. Also have clear, sharp print, and – obviously – neat and free from error.

Don't be too detailed. The foundation doesn't need to know all the minute intricacies of the workings of your organization, nor do they need a dissertation on your organization's philosophy.

Don't furnish unnecessary statistics. Support your grant proposal with statistics and other *appropriate* data only; and use that information only once.

Your proposal usually should include the following:

1. Cover letter signed by the head of your board. Address the letter to a specific person. Avoid namedropping. Don't bypass the foundation's process by attempting to go past program officers directly to the Board.
2. Project title and subtitle if necessary (10 words maximum).
3. Clear and concise summary, including the amount you are requesting.
4. Introduction describing your organization's qualifications.
5. Problem Statement or Needs Assessment documenting the needs to be met or problems to be solved by the proposed funding.
6. Objectives stating the benefits of the funding in measurable terms. Avoid unrealistic objectives. It is often wise to include a time frame, describing the program's intended accomplishments step by step.
7. Methods describing the activities to be employed to achieve the desired results.
8. Evaluation plan for determining the degree to which objectives are met and methods followed. Explain the evaluation procedures in detail including how the evaluation results will be applied.
9. Description of a plan for continuation beyond the grant period and/or the availability of other resources necessary to implement the grant. Don't hedge with wishful thinking.
10. Budget clearly, delineating costs to be met by the funding source and those to be provided by the applicant and other parties. Put budget *details* in context. The proposal writer must understand the budget rather than just having the treasurer put a sheet together with numbers on it. The proposal should also include an organizational budget as well as a project budget.

Gifts-In-Kind

Gifts-in-kind is a fancy way of saying that you've gotten *something* instead of money. Gifts-in-kind can be a godsend, or they can be an albatross; and your museum must use the same stewardship in accepting, rejecting, and accounting for gifts-in-kind as you do for monetary gifts.

Remember –

- *things* that can't be used require time and money to take care of or dispose of, so don't accept them if you can't use them
- just because something is free one time (like postage stamps or refreshments) does not necessarily mean you will get it free every year; so handle the accounting so that you know what it *actually costs* to put on a program
- in accounting for gifts-in-kind, there *must* be an income entry offsetting an expense entry
- *time* is a very valuable gift-in-kind and must be included in your planning for any project or long-term effort (if you have had a volunteer bookkeeper and suddenly

do not, there will be a cost to your organization just to manage day-to-day bookkeeping tasks).

Special Events

Many museums and non-profit organizations depend solely upon a major annual special event for their funding needs. Reiterating the point made throughout this paper, a good fundraising program must be broad-based and must not be dependent solely upon one effort such as a special event.

Special events can fulfill two major purposes:

1. They can provide significant funds.
2. They can garner loyal friends

The accounting for your special event must be meticulous, and you and your board must be fully aware of the total cost of your event. It is so easy to say, "We made \$5,000 on our history fair" when, in reality, you took in \$5,000; you spent \$4,500 in cash and 1,000 hours of time; and you netted only \$500 for your organization's annual budget. Was it worth it?

It *may* be. Did you reach new people in your community? Are they now aware of your organization where they were not before? Did you utilize volunteers effectively and strengthen their tie to your museum? Does everyone who attended and who worked on the event "feel good" about it?

But, more importantly, what were the goals of your event? Too often events are undertaken simply because "everyone has an event; we should too". A special event should have goals, a budget, planning timetable, implementation timetable, and an evaluation process. If these simple fundraising ideas are followed, a special event can be an effective aspect of your overall fundraising program.

Planned Giving

The phrase "planned giving" seems to be frightening to many people. However, the vast majority of planned or estate gifts are bequests. In developing your fundraising program, you needn't worry about having all components in place at the start. Just soliciting and handling bequests appropriately will lead to success and the ability to fold in accepting charitable remainder trusts, lead trusts, insurance policies, real estate, etc.

It is important to have a corps of resource persons who can talk with your friends who are interested in leaving significant resources to your museum. However, the most important things that you can do are to

1. establish a plan for how to handle bequests, and
2. encourage individuals to leave a bequest to your museum.

Your newsletter can regularly include a statement reminding your members that the museum gladly accepts bequests. You will want to publicize bequests that you do receive and how they benefit your museum. You may also want eventually to develop a simple brochure that can be picked up which states that your museum accepts bequests and the appropriate wording when making out a will (perhaps your corporate name is different than your museum's name).

Good stewardship over bequests requires that your board establish a policy about what to do with money received from a bequest. Generally it is wise to invest this money, particularly if it is significant, in a fund which will earn your museum income. Museums must steer clear of the temptation to spend this "windfall" income on a project which may not yield long-term benefit to the organization.

Prospect Research

One basic aspect of your fundraising program should also be in place. It does not, in and of itself, garner direct dollars but – when handled appropriately – can lead to significant income in most of your fundraising programs. This component is prospect research.

Many museums already have a research component in their mission and it is therefore simple to add fundraising research as a component of your research efforts. You will have staff and/or volunteers who are interested in research: about your community's history, about your collections, about genealogy. Why not expand this effort and utilize staff and/or volunteers to research giving potential and interest in your museum of individuals, corporations, and foundations?

Fundraising is only successful when your efforts are targeted at those individuals and entities which are most likely to give to your museum.

It goes without saying that information received in the prospect research process *must* be handled with confidentiality and tact.

Fundraising Success in Your Museum

Guiding Principles

1. The tone is set by your leadership. Every single board member and top-level staff must give a reasonable monetary gift each year.
2. You must reach out as many times as necessary to renew 60% of your first-time and 80% of ongoing donors each year.
3. Last year's donors must receive special attention to assure renewed and upgraded support.
4. Every effort must be made to "bring back into the fold" past donors who did not give last year. Prior donors are your best prospects.
5. Grantsmanship, corporate calls, individual major giving, and planned giving must be integrated into your program because these are the methods for securing the really big gifts.
6. Research and targeting prospects are essential to successful fundraising.

Case Statements

Developing your case for support is an essential aspect of fundraising. It makes your request meaningful to a prospective donor and builds a connection with your constituency to validate your needs.

Don't be afraid to develop a case statement. There is really no mystique about it. Robert McNamara once told Lee Iacocca, "You could sell anybody anything. But . . . put your great idea on paper. If you can't do that, then you haven't really thought it out." Fundraising is simply selling your organization, and in order to do that well you must think out your plan and put it in writing. A case statement is a written way of selling your organization.

A case statement is a clear, compelling statement justifying the request for funds. It becomes your resource material. From it, all materials which need to be developed or presentations to be made will flow.

- Use it to prepare your condensed printed case statement.
- Use it for preparing foundation proposals and government grants.
- Use it for developing direct mail packages and writing public relations materials.

Researching and planning for your case statement should involve your board, key staff members, and volunteers who are large gift donors.

Components of a good case statement include the following:

1. **Mission:** Succinct statement (one or two paragraphs) of your institution's purpose – your reasons for being.
2. **History:** In chronological order, show how you have grown since your founding and discuss program growth and the people whose needs have been met over the years.
3. **Needs:** Include
 - Complete analysis of your service area and the people in need of your service.
 - Projections of future trends in your service area.
 - Analysis of the impact of present and future conditions on those you serve and your organization.
 - Specific needs of those now served and those to be served three, five, and ten years from now.
4. **Goals:** A brief listing of what you want to accomplish in three, five, and ten years relative to the defined needs.
5. **Strategies:** Procedural details for meeting current, short-range, and long-range needs.
 - Objectives stated in measurable terms, within specific time frames.
 - Facilities, staff, budgets, and evaluation methods to be used.
 - A timetable which develops the sequencing of events or procedures.

6. **Funding:** From the budgets prepared in the Strategies section, affix summary budgets or price tags for various programs or growth steps. Determine fundraising methods for each step or program.

In many ways, the case statement is like a master plan. It is a living, working document. It reminds you of where you have been, where you are now, and where you want to go. It is a provider of direction and a device for measuring success. As a working tool, it should be updated annually.

Telemarketing

There are many pros and cons to telemarketing, and unfortunately the word often conjures negative thoughts for those of us who don't like to be interrupted by a stranger on the phone at dinner time.

However, telemarketing – when used properly – can be a very effective friend- and fund-raising tool. Using the telephone can become an important aspect of your membership and individual fundraising programs.

There is much written about how to manage a telemarketing program effectively, and this can be summarized by simply saying that you need to develop a plan and goals just as with any other effective fundraising program.

You might consider beginning by using trained volunteers to solicit individuals to try a membership in your organization. And then use these same volunteers to check on your new members to see if they are satisfied with their membership. This feedback will allow you to improve your program on an on-going basis.

You also may wish to use a telemarketing program to solicit funds for a special project or a special exhibit, one that has high visibility. Your donor then becomes a partner in the project and you strengthen their involvement with your organization.

Basic Components to a Successful Broad-Based Fundraising Program

Every successful fundraising program includes these basic components:

1. Finding your best prospects.
2. Determining the best way (mail, phone, in person) to ask each group of donors for gifts.
3. Asking for the gift.
4. Acknowledging the gift.
5. Recognizing the donor in some public way.
6. Reporting accurately on the income and expenses of each aspect of the program.
7. Keeping accurate donor and gift information so that your future fundraising efforts can be successful.
8. Asking again and again.

Summary

Fundraising for your museum is an exciting challenge. In order to be successful, you must work toward developing a broad-based, ongoing annual program which should eventually include these fundraising programs:

- Membership
- Targeted direct mail solicitation
- Personal solicitation for major individual gifts
- Corporate giving
- Grant proposals
- Gifts-in-kind
- Special events
- Planned giving
- Prospect research

You will be successful when your board makes its personal commitment to your museum and leads the way with their monetary gifts as well as their time and assistance in pursuing other gifts to the museum.

Donors must be treated as the special friends that they are. They should be drawn into the inner circle and thanked repeatedly for what they enable the museum to accomplish.

Developing your museum's case statement is the first and most important step in helping your board, volunteers, and potential donors know where you have been, where you are going, and what is needed to get there. It is a necessary component to make the step towards successful annual fundraising.

Remember, people only give when they have been asked. And asking a friend to make a commitment, like you have made, to something you believe in passionately is easy!

About the Author (1997)

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