**Developing and conducting a successful capital campaign**

A capital campaign is an effort to raise funds for the capital needs of an organization or institution. This includes acquisition of property or equipment, construction, renovation, endowments, special projects and programs. Capital campaigns are an occasional necessity, from time to time, in the life of an institution especially when it is part of an institution’s master or long-range plan. The efforts of a capital campaign are of major proportions usually taking place over several years.

The reason I have undertaken the research of developing and conducting a successful capital campaign is because I have been in environments where capital campaigns were being conducted. As an undergraduate at Cal State Dominguez Hills, I recall the ground breaking of the Loker Student Union, which was in the last phase of its campaign. I also remember when the campus took on the task to raise fund for the Challenger Centre; it was considered in the pre-public phase of the campaign. As a professional, I have been fortunate to be part of two capital campagns, UCLA’s and the Greater Los Angeles Zoo Association’s. In 1993 at UCLA, I was an assistant to the Director of Development of the Neurosciences in the School of Medicine. Along with the other campus schools, I was involved in the planning and preparation that occurred before the capital campaign called the pre-public phase. It was a very educational experience that I enjoyed. In 1997/98, as a Manager of the Capital Campaign at the Greater Los Angeles Zoo Association, I was involved in efforts during the capital campaign called the public phase. While my experience at the Zoo was also education, I realized that components of the capital campaign were not heeded, and therefore lacking in some areas.

Another reason for my research is because there are management components that make a capital campaign successful. The components include planning, organizing, staffing, directing, coordinating, reporting, budgeting, and obtaining and providing information.

**Why conduct a capital campaign?**

While the efforts of a capital campaign are of major proportions usually taking place over several years, when properly developed and conducted; it is most enjoyable to run because the goals are clear, concise and usually tangible. Unlike an annual fund raising, it has a beginning, middle, and an end. The most important part of the work in a capital campaign can be complted before it goes to the public phase.

**Planning**

Planning varies among capital campaigns. Michael Marak, a student at the University of South Dakota, wrote a short essay about capital campaigns. Marak describes seven phases to conduct a capital campaign while Capital Quest, a consulting firm, describes five phases. I will focus on just two phases of a capital campaign, the pre-public and public phase. Each phase of the campaign has steps to follow, which may be similar to the phases planned by other capital campaigns. Along with the need, an organization should consider launching a capital campaign at least once every 10 years or around major anniversaries and milestones. In initiating with a key date, the fund raising effort should begin two or three years before that date so it builds up to a fittingly grand fashion.

Immediately in the early stages of a capital campaign, an organization's board should ask:

* Does the organization present a powerful case for the need for money?
* Is there an audience or a constituency that will support and give to it?
* The answer to these questions must be favourable during the pre-public phase. If the answers are not favourable, then the organization must reduce expectations or forget the idea of having a campaign at all. If the answers are favourable and the decision is made to conduct the campaign, then careful consideration must go into the planning process.

Upon determining to mount a capital campaign, a needs assessment committee must be appointed by the board to:

* assess the need for a capital campaign;
* determine the fund-raising objective;
* produce a line-item budget for the objective;
* submit a report of its recommendations to the board; and
* gain board consensus for its recommendations.

It is preferable to begin the campaign in the fall. Organizations should allow approximately nine months for the pre-public identification and solicitation of top prospects, and another nine months for the organization's work. If we are looking at a campaign to go public in October of 1999, then it is well advised to begin work in April 1998 - fully 18 months beforehand.

**Outside feasibility study?**

A reputable independent consulting firm can save an organization time and money. Furthermore, it can prevent any organization embarrassment by identifying the bad components of a campaign. Many organizations feel they need the security that an independent consultant provides. They feel a consultant can be objective about the campaign and interview potential donors and find out how they feel about an organization. They also feel a consultant can be candid in determining the staff's ability and the leadership that resonates from volunteers. Finally, organizations feel a consultant can point the organization in the right direction, and after their feasibility study, can offer technical assistance during campaign.

While organizations need a thorough pre-public planning phase, they do not have to spend large sums of money that a feasibility study provides. Unfortunately, there are organizations that pay for studies that lack specific details and just too general to be of any use. Relying on a vague promise of success guaranteed by a consultant who lacks detail and information, an organization goes public. The amount of money sought to be raised is unrealistic because of poor preparation. Moreover, with uncommitted, untrained leadership and an unpersuasive case to its audience failure is imminent for the organization. As the organization is left to face public embarrassment and the realization that it has wasted time and money, the consultants move on to their next clients.

**Pre-public phase**

The most significant work in a capital campaign can be accomplished in the pre-public phase, that is to say, the actual public campaign follows as a matter of course from the advance work that has been done. An organization can avoid a horrid capital campaign by organizing for success.

Preparatory campaign budget. Quite a few organizations go into a capital campaign irresponsibly. They do not know how much it will cost to raise the money, whether they have the resources to conduct a campaign, or whether they must add staff and overhead expenses.

A budget must be prepared right away to show how much the organization expects to spend for personnel and non-personnel expenses. This budget will be updated at the end of the pre-public phase, when figures will become more accurate. Budget items to consider:

* personnel:
  + director of development
  + development assistant(s)
  + professional fund-raising counsel and/or consultant
  + Non-personnel:
* design capital campaign documents
* printing of documents
* computer(s)
* travel
* accommodations
* entertainment
* telephone
* copying
* postage

Approach the board of directors for a contribution. The board of directors should take a leadership role in the capital campaign and contribute at least 20 percent of the overall fund-raising goal. When the board has agreed upon the capital campaign goal and budget, they should be solicited right away. The board chairperson ideally suggests the amount the board will have to contribute challenging them or spur other members. The chairperson will make it clear that he/she will contact each and every one on the board within the next 30 days about their gift. If your board cannot contribute 20 percent of the goal, perhaps the goal is too high. If the organization feels it can make up the deficit elsewhere, it will have to lower its overall goal. It should not be forgotten that once each of the board members have contributed to the campaign, then that fact should be noted in the campaign documents.

Employees and fund-raising committee members should also be approached for a donation.

Campaign Chairperson. It is imperative that every capital campaign has a chairperson who can provide the necessary volunteer leadership for a very demanding assignment. The chairperson must be willing to devote considerable time and energy to the campaign. I recall the chairman and CEO of the Capital Group, John Sussman, accepted the position of chairperson for the California Science Centre's capital campaign. Realizing that the Science Centre needed much attention, Mr. Sussman to a six-month leave of absence from work to dedicate his time to the fund raising efforts at the Science Centre.

As much as possible, the campaign chairperson should not be the chairperson of the board. An outside chairperson allows the organization to supplement its existing leadership rather than giving additional duties. It is an excellent opportunity to bring others into the organization's family.

In addition, the executive director of the organization should not be the chairperson of the campaign either. It is detrimental to the organization and a clear conflict of interest. As an employee of the board, the executive director cannot be the chair. The campaign chairperson must be at least a senior board level type.

Campaign Coordinating Committee. Just like the annual fund-raising effort, a capital campaign must have a coordinating committee. The membership of the committee should consist of the campaign chairperson, the board chairperson, the executive director, staff assistant, and a development counsel. The Campaign Coordinating Committee oversees all other campaign committees. Heads of individual committees may be called as needed. Once the board has the capital campaign, the coordinating committee needs to be established and begin meeting. Minutes of the meetings should be kept to record decisions and to note tasks to be accomplished.

Other capital campaign committees. Not all of the following committees will be necessary for a capital campaign:

* board of directors
* past board members committee
* top donor prospects committee
* foundation and corporate relations committee
* civic-group committee
* friends committee
* special events committee

An organization may be able to create other committees not listed above. In determining committees, it must be kept in mind that there are two organization categories. The first category includes organizations that demonstrate useful community service will be able to look for support beyond their own immediate membership. The task of this category is to create committees that can tpa into the broadest base of community support while continuing to draw from their own membership. The second category are organizations like private schools, churches, or universities will draw most of its support from those who have directly benefited from their services. The task of this category is to ensure that all those who have benefited from their services, as well as those who are in some way connected to such beneficiaries, are identified and solicited.

Fund-raising objective. If the groups represented by the various committees have histories of giving, then the organizations can analyze a variety of factors to formulate a fund-raising objective. Once an objective has been determined, remember that during the pre-public phase that this objective is tentative. Once top donor prospects have been actually sought, then a final objective can be determined. In 1992, UCLA’s fund-raising objective in its capital campaign was to raise $800 million. It was raised to $1.02 billion in 1994 when they determined a greater need, and identified additional donors they can pursue ensuring that objective.

A significant amount of the total goal should come from top prospects in most capital campaigns. While 20 percent of the fund-raising goal comes from leadership such as the board, 25 percent should come from top prospects. If an organization feels that it cannot raise this amount from this group, then it should look to other constituencies to include enough additional donors to sustain its efforts.

Naming opportunities. One of the most wonderful benefits to a donor of a capital campaign are opportunities to dedicate a building or a similar project after individuals of their own choosing. A committee may be created to exercise its creativity in selecting naming opportunities. The following points should be kept in mind:

Naming opportunities should be made available where possible to donors who give small amounts as well as top donors.

A list of naming opportunities should be made available. It can be printed and inserted in direct mailers or made available on the organization’s capital campaign web site.

It is up to the organization what is a suitable naming opportunity. If a project can be divided into several naming opportunities, then the individual who donates the lead gift does not have to donate the entire cost of the project in order to name it. For example, a building is being constructed as a part of the campaign. A number of naming opportunities are available – the overall name of the building; each floor; each room or suite; and plaques in the lobby.

Each of these naming opportunities can be assigned a contribution level; the overall name of the building might therefore be available for only a substantial fraction of the total cost. Take for example Disney Hall in Los Angeles, which will house the Los Angeles Symphony in 2002. The total cost of building the hall is $210 million. The Disney family, which it was named after, contributed $50 million.

On the other hand, if the project were not easily divisible, the naming donor would need to give all or almost all of the money required in the campaign.

Donor prospect identification. The success in identifying and soliciting top donor prospects will determine the outcome of a capital campaign. Capital campaigns often fail because not enough time was devoted to identifying top donor prospects. Donor identification takes several forms. One may identify a prospect by reading the local newspaper, trade publications, magazines, media, online, colleagues, friends, committee members, and others. Identification can provide information such a person’s area of residence, a corporation’s annual revenue, and philanthropic interests.

Once prospects have been identified, then determine which committee will cultivate or manage which prospects. Invite committee members to a screening session and go through each name on the list with a view toward identifying the organization’s top prospects. For each name, the committee must answer the following key questions:

Is this person a top donor prospect?

Has the prospect given to the organization before?

If so, in what amounts, and how recently?

If the prospect is a top prospect, what will be his/her/its capacity to give?

How much should be asked for a contribution?

Who will be the best person to make the ask/solicitation?

Tracking and management of prospects. The process that culminates in the successful solicitation of top donor prospects depends on how effectively they can be managed individually. Solicitations are much more successful when donor prospects are approached individually. It is better to work on a few carefully managed approaches than to have many approaches and no adequate supervision or guidance from staff.

When a top prospect is identified, then the committee chairperson or the coordinating committee will assign someone as the point person to manage that prospect for eventual solicitation. The point person may be a member of a committee or someone on the organization’s staff. If the point person happens to be a member of a committee, make sure that he or she is not afraid to ask for money. Because timing is a critical element in the pre-public phase of the capital campaign, one cannot afford to leave a top prospect’s name in the hands of a solicitor who may prove to be reluctant to handle the case.

A target date for an "ask" should be assigned. If the solicitor does not make this deadline, the prospect should be reassigned to another solicitor. All approaches toward a top prospect should be known and approved by the coordinating committee. It ultimately authorizes the approaches and the amount that should be sought.

There are database systems available to help in the management and tracking of donors. Fund-raising managers can assist committee members in management approach of prospects and their solicitation.

Fund-raising coaching. Because many of the solicitors will be volunteers sitting on a committee with no fud-raising experience, they will need coaching and direction. It should be made clear to volunteers that they are solicitors. They are responsible to mention the amount that the organization expects a prospect to give. This is true of every solicitation visit, but it is especially important in the case of top prospects. If the volunteer feels uneasy or awkward about making an approach, he or she should say so. Asking a friend for $1 million may be nerve racking, but is should not be an acceptable excuse not to make the solicitation; in fact, it may work to the volunteer’s favour. Many donor prospects may have been solicitors themselves at one time or another, and the volunteer’s honesty may be helpful in establishing rapport that can produce donations.

Draft a campaign-development document. An organization needs draft documents to communicate its case and what it wants to accomplish even though the dollar amounts it seeks may increase or decrease after it has assess the information gathered in the pre-public phase of the capital campaign. In the document, it should be made clear that figures are tentative until it has been thoroughly assessed.

Most capital campaigns spend far too much money on the development of documents. I recall an organization I used to work for decided to spend about $78,000 on a direct mail document, which netted $110,000. For your information, this was before I joined the organization. So much was focused on it’s the colour and design and not its content. A well thought out, concise document usually proves sufficient for most donors. A typical document would consist of approximately 2,000 words and can be printed as a two-page brochure. That same document can be placed on the organization’s web site. For foundations and corporations, the document can be supplemented by standard development proposals.

The Assessment Process

It is the responsibility of the coordinating committee to determine if the fund-raising goal is attainable. They need to determine this two to three months before the capital campaign goes public. The findings should be conveyed to the board, which has the final say for setting the actual goal of the campaign.

It is usually standard to have a 30 to 40 percent of the goal pledged or in hand at the time of the public announcement. Again, the sources of the money should come from the board, top prospects, and staff and committee members. In order to gauge potential success, the following must be asked:

* how many top prospects there are;
* how many were solicited;
* how many actually made pledges to the campaign;
* whether the pledges were at the level you anticipated; and
* whether you have a realistic idea how much your smaller donors will contribute.

The condition of an organization’s fund-raising efforts is contingent on the answers to these questions. If the organization has only 20 to 25 percent of the goal, then the organization may have a problem, and it must determine:

* if the board can give more;
* if those who already pledged can be approached again to give more;
* if other top prospects can be persuaded to make pledges; and
* if smaller donors can make up the difference.

The organization should be realistic. If it cannot favourably answer these questions, then it may need to reduce the amount of the capital fund-raising goal.

Deciding to Reduce Your Goal

If an organization decides to reduce its fund-raising goals, it actually protects itself from public embarrassment. Remember that the purpose of the pre-public phase of a capital campaign is to allow the organization to assess how much money it expects to raise during a campaign. Keep in mind, with any planning process, the goal may change.

An organization is playing it safe by reducing a goal that cannot be realistically expected when higher. While an organization has carried out every detail of the pre-public phase, it should remember that it has not gathered the money or pledges. Therefore, it should not assume that the money is "in the bag." It may not be.

From a public relations standpoint, it is suggested not to announce that the organization is reducing its goal. Continue with the goal, which the board adopts. If prospects ask why the change, explain that it is a revised goal that the board finally deemed to be constant with the giving potential of the organization’s supporters.

Deciding Not to Hold a Campaign

I’ve found that organizations rarely proceed with its capital campaigns. In those instances, organizations cannot sustain any kind of capital fund-raising drive at all at the present time. In such cases, two things should be done:

A breif letter should be sent to those making pledges stating that a capital campaign has been deemed unrealistic at the present time. The letter should not dwell on the reasons why it is not possible at the present time. It should conclude by expressing sincere thanks for the pledge and convey hope that they make the pledge towards general support of the organization.

The board should investigate what caused the fund-raising questions. They should adopt measures to answer the questions, which will allow for a later campaign date.

**The public phase**

All elemnts of the pre-public phase are complete and a fund-raising goal has been set. The organization is now ready to move into the public phase of the capital campaign. While many things have been laid out and established in the pre-public phase, the organization has to carry out a few tasks in the first year of the public phase.

Campaign Documents

Documents used in the pre-public phase were tentative. Final documents will be used during the public phase. Many items will only need to be printed once. These items include campaign stationary, business envelopes, pledge cards, and return envelopes.

The first direct mail piece

Remember, it is preferred that the campaign begin in the fall like October. As the organization’s first opportunity to explain the purpose and goals of its capital campaign, it should be persuasive and appealing. The first mail piece should arrive at the same time the public announcement of the campaign is made. The first mail piece should contain a cover letter from the campaign chairperson of the board stating the need for the capital project and include the most persuasive reasons to give. Also included in the mail piece should be details of the campaign, which include the budget, a pledge card, and a return envelope.

When a pledge card is returned with a donor’s commitment, it should be acknowledged right away. A letter from the campaign chair thanking the donor for the gift should be sent promptly. If the pledge is a large gift, perhaps the campaign chair should place a call to the donor to personally thank him or her.

Public announcement of the campaign

If an organization serves the local community, then it can use newspapers, radio, and television to its best advantage. An organization should consider holding a press conference or, at the very least, mailing a press release with basic information about the campaign.

An organization can have a special event designed as a fund-raiser in conjunction with a public announcement. Special events are an excellent way to draw attention to a cause. It familiarizes the organization’s constituency with what it is doing.

Tracking and managing prospects

As mentioned earlier, a donor prospect will be assigned a point person; this person is usually a committee member. Tracking and management is continued into the public phase. The best way to cultivate a donor is face-to-face contact. It is also the way to solicit money because it increases the chance of a favourable response. A fund raising manager works closely with committee members towards the eventual solicitation of a donor prospect. The fund raising manager provides the necessary information to the committee member. The committee member will then schedule face-to-face meetings. Several meetings may take place before a solicitation is actually made.

The second direct mail piece should be scheduled to arrive at the end of the calendar year (late November or early December). This is the peak fund raising season and the organization should take advantage of it. At this point in the campaign, many people should already have contributed to the campaign. They should include:

* board, staff, and committee members;
* top donors;
* those who’ve responded to the first mailer; and
* those solicited by personally by committee members.

A problem that frequently arises at this stage is that people who recently gave are receiving another solicitation. It is very important to have a competent database system that will differentiate between those who have given and those who have not. A newsletter should be produced for those who have already given. In the electronic age, many organizations such as Rocky Mountain Institute has its newsletter posted online for everyone to read. When mailing a newsletter, a pledge card should be inserted in the newsletter for those who would like to make another gift to the campaign. The newsletter should be energetic and informative. Each edition should highlight:

* the amount already raised;
* the name of those who gave for that period; and
* special events and other activities.

A cover letter directed to those who have not given yet should say, "We know you are supportive of what we are doing. We’re surprised you haven’t contributed yet." It is a little gentle pressure applied to those who are assumed to be interested and committed supporters. Again, the letter should include a pledge card and a return envelope.

The third direct mail piece should be sent out in March. The format is similar to the second piece. Individuals who have already made a pledge or contribution should not be asked outright for another. Instead, a cover letter with the current state of the campaign and a newsletter should be sent.

The third letter, which is sent to those who have not yet contributed, should apply a little more pressure. It should say, "It is critical that we reach our objectives. Won’t you please make every effort to join the many others who have supported this effort?"

Year-end progress report

The coordinating committee should review the progress of the campaign in June if the campaign began in October. The review evaluates the performance of each committee and then determines the objective for the following year. In setting the objectives, the organization should consider:

* whether donors can be asked to increase their contributions;
* if top donor prospects who have not given yet are ready to do so; or
* if outreach can be focused on smaller donors.

By the end of the first year of the capital campaign, the organization should have raised in cash or pledges at least 50 percent of the goal. Many successful campaigns will have already raised substantially more by this point. The first year of any campaign is crucial and energy and commitment from leadership is essential.

Succeeding Years of a Capital Campaign

While the efforts of a capital campaign are of major proportions usually taking place over several years, when properly developed and conducted, it is most enjoyable to run because the goals are clear, concise and usually tangible. Donors maintain their enthusiasm and interest in the campaign because the campaigns objectives. They want to see that their gift support this objective and succeed; this encourages many of them to give more. Others may be waiting to see if the campaign will succeed before they give. They need to see something tangible before they jump on the bandwagon.

If an organization is involved in a "bricks and mortar" campaign, ground-breaking ceremonies should be conducted in year two of the campaign. By doing this, an organization can show tangible results for the money they have given. At the same time, those who have not given may do so at that time. Progressive events such as a ground-breaking should be publicized in the newsletter sent to donors and on its website.

The succeeding years of the multi-year capital campaign is not that different from the first. Each yer three or four letters should be sent out; every attempt should be made to differentiate every letter sent to those who have not given. Electronic mail and the internet publicize the campaign and update the progress. One should continue donor prospecting and management that will provide a means to effectively approach and solicit a contribution.

**Conclusion**

A well-run capital campaign should exceed its original goal. As I mentioned earlier, UCLA’s capital campaign goal was $800 million. But the campaign proved so successful that the objective was raised to $1.09 billion towards the second year of the public phase.

While I have not led a capital campaign, I have been involved in a couple. The suggestions outlined in the pre-public phase should be able to start a campaign not only with a realistic goal but also with a major percentage of what the organization seeks either pledged or in hand. It should also have another sizable percentage by the end of the first year.

The organization should acquaint its constiteuncy with what the organization plans on doing with their money and shows them the tangible results. Thus, there is no reason why the organization should not be able to exceed its goal.

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