

Ten Costly Mistakes That Could Sink Your Capital Campaign

Mistake 1

“Our community will love this project!”

Fact 1: Don't count on it! Test the potential of your campaign.

You believe your proposed new facility and renovation is vitally important to fulfilling your organization's mission. But do your donors?

Before committing to a major capital campaign, thoroughly test the idea. Once you've developed your preliminary plans, privately speak with a number of the community's most generous and faithful supporters to tell them what you're planning and to get their opinions.

Don't proceed on blind faith; test your idea with whom it matters most – your key donor prospects.

Mistake 2

“If we get good public support and publicity the project will take off!”

Fact 2: Successful campaigns are about proper planning and face-to-face contacts.

When you hear about successful multi-million dollar capital campaigns, you can be sure they were preceded by months of solid preparation. There is no way around it, careful planning is vital to a campaign's success.

While helpful in building awareness, publicity alone rarely raises money. Face to face contact with major donors will lead to the majority of funds you'll raise. Publicity most often plays a role in the later stages of a campaign. Expect to spend several months of concentrated planning to get your organization “campaign-ready” internally and externally, and to favorably position the project in the minds of your donor prospects.

Mistake 3

“We only know a few major donors now; but unknown donors are certain to come forward when they hear about the project.”

Fact 3: You must know who the majority of your donor prospects are before beginning.

When an organization considers a capital campaign, it often generates a lot of excitement. The staff believes the project is needed. The board is supportive. Tantalizing architectural renderings are developed and displayed on easels. And key advocates are enthusiastically urging the organization forward. It can be seductive!

But do you have enough donor prospects to sustain the ambitions of your campaign? The Gift Table below reveals the gifts needed to reach a \$10,000,000 campaign goal.

Although the numbers will be different for a larger campaign, analyzing this planning tool can be a sobering experience.

Have you identified most of the donor prospects needed to ultimately reach the goal?

Gift Amount	Number of Gifts	Total	Cumulative	% of Goal	Prospects Needed
\$2,000,000	1	\$2,000,000	\$2,000,000	20%	3
\$1,000,000	1	\$1,000,000	\$3,000,000	30%	3
\$750,000	1	\$750,000	\$3,750,000	38%	3
\$500,000	2	\$1,000,000	\$4,750,000	48%	6
\$250,000	4	\$1,000,000	\$5,750,000	58%	12
\$100,000	6	\$600,000	\$6,350,000	64%	18
\$75,000	10	\$750,000	\$7,100,000	71%	30
\$50,000	20	\$1,000,000	\$8,100,000	81%	60
\$25,000	30	\$750,000	\$8,850,000	89%	90
\$10,000	60	\$600,000	\$9,450,000	95%	180
\$5,000	75	\$375,000	\$9,825,000	98%	225
< \$5,000	Many	\$175,000	\$10,000,000	100%	Many
	310	\$10,000,000			930

Mistake 4

“If we push hard, we can get this campaign over quickly.”

Fact 4: Capital campaigns proceed mostly at your donor’s pace, not yours.

Ask anyone who has undertaken a capital campaign and they’ll tell you it wasn’t easy. Many underestimate how much work is required and how long it can take.

The pace of a campaign will depend primarily on three factors: 1) the campaign planning 2) the campaign committee’s follow through on donor assignments and 3) donors’ timing. With some donor prospects, you’ll get a final answer the moment you ask for a gift.

With others, a final decision might take months or even years! You can make every effort to expedite your campaign but don’t push a volunteer committee member so hard they drop out or press a donor prospect so much you lose the gift altogether.

Mistake 5

“This is a numbers game. Our goal is \$3 million, we have 3,000 constituents, we need \$1,000 from each.”

Fact 5: Major gifts are the key to success.

Time and again, capital campaigns succeed or fail based on the results of their top ten gifts. For virtually any multi-million dollar campaign, it is almost impossible to reach the final goal through small gifts.

It’s often appealing – but a mistake – to think the whole community (or constituency) will rally to the cause and give, if you just announce your campaign. Doing so may in fact produce some gifts, perhaps even many gifts, but most will be small. And that’s the point. It requires substantial numbers of small gifts to equal the size of one “major gift.” For example, to equal one \$100,000 gift, you would need to raise 1,000 small gifts of \$100! To equal one \$1,000,000 gift, you would need to raise an astonishing 10,000 small gifts of \$100!

Who are your top ten prospects? Focus on major gifts – they are key to your campaign’s success.

Mistake 6

“There are thousands of corporation and foundations out there; we just have to write to them.”

Fact 6: Corporations and Foundations provide a relatively small portion of overall charitable giving.

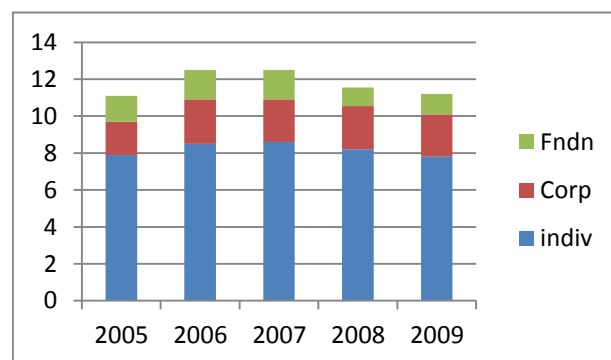
Yes, corporations and foundations can be among the donors to the campaign. But competition for corporate and foundation support is intense, and applying for these funds requires attention to strict application guidelines, and can be labour-intensive.

Seeking gifts from corporations and foundations is most effective when someone from the organization (e.g. board, staff, benefactor) has a relationship with one or more of the corporate/foundation leadership. Cold letters to foundations – and cold approaches to corporations where no personal connections exists - is among the most time-consuming and least productive efforts you can pursue.

This chart reveals that corporate and foundation giving make up a relatively small portion of overall giving in the country.

Individuals provide the majority of charitable gifts and most of the funding for the majority of capital campaigns. Plan on including foundations and corporations among your donor prospects but don’t put all your eggs in that basket.

Compilation of data from Stats Canada, CRA, and Sector Reports..



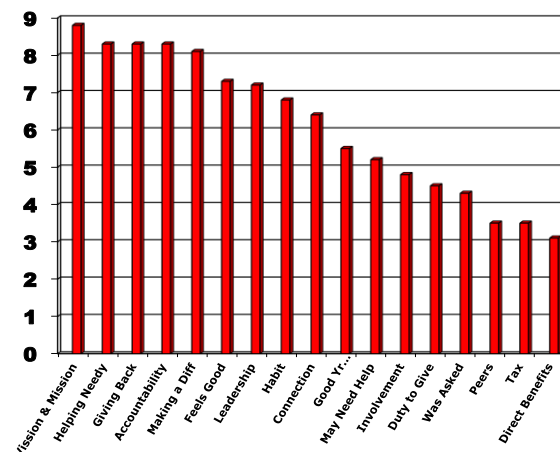
Mistake 7

“Donors will give for the same reasons we do.”

Fact 7: People give for their reasons, not ours.

According to a landmark study by Guy Mallabone & Tony Myers (2000), Canadians have strong feelings about what motivates them to give philanthropically.

This statistically robust study (findings accurate +/- 3.5%, 19 times out of 20) interviewed over 1,200 Canadians across the country. The following ranked motivational factors (zero-to-nine scale) were among the key findings of the study:



Mistake 8

“We don’t have time to see everyone in person; let’s just mail out proposals.”

Fact 8: The most substantial gifts will come from face-to-face visits with major donor prospects.

When you’re ready to make your gift request, don’t send a proposal letter or launch a big publicity drive. Rather, arrange to meet major prospects for face-to-face discussions about the project and personal gift requests. If the party won’t agree to meet with you, they probably aren’t good gift prospects to begin with or the request is premature.

In most cases, it’s best to have a 2-person team meet with the prospect (two heads are better than one). Carefully select the right people. It’s not uncommon that this team consists of a volunteer (board or cabinet member) who is most influential with the prospect and the Executive Director or President. But many different team configurations are possible.

Have a plan. Develop a personalized strategy for each particular prospect. Rehearse the call ahead of time. Anticipate likely questions and have responses ready. Know who will say what and in particular, who will make the ask. Ask for a specific amount or a specific range. Donors want to know what you have in mind; it frames their own gift deliberations.

Face-to-face solicitations require the most effort but also yield the best results!

Mistake 9

“We can run this campaign ourselves”

Fact 9: Campaigns are too visible to hide if they flop.

Capital campaigns are significant undertakings that require direction from someone with experience. Don’t ‘wing it’. Fight the temptation to ‘manage it yourself’. A multi-million dollar capital campaign should be approached with the respect and sophistication of any large-scale project so that opportunities are properly maximized, and risks are thoroughly identified and mitigated.

Make sure you have someone on staff or an outside consultant advisor who has directed significant capital campaigns before. What you save in expenses by “going it on your own” without the direction of a seasoned pro you will pay in opportunity costs, or forfeit in a poorly performing campaign, or worse, a failed campaign.

Mistake 10

“Even though they don’t know us well, we’ll just go and ask all the wealthy people in town for a gift.”

Fact 10: Asking for a major gift from a virtual stranger is a losing long-shot.

Successfully securing major gifts is a process. In the figure below, the steps to a successful gift start at the bottom and go up. The pyramid shows the relative amount of time needed at each step.

By investing more time in the first two steps, you’ll find asking for the gift is the natural conclusion to a thoughtful interaction with the prospect. If you spend the least amount of time identifying the best prospects or genuinely understanding their needs and motivations, you’ll find successfully securing a gift almost impossible.

