Introduction to Capital Campaigns

CASE Major Gift Fund Raising Conference
Chicago, Illinois - October 2, 2003
Craig T. Chindemi, CFRE
Overview

- Definition
- Comprehensive Campaigns
- Prerequisites to Success
- Case Statement
- Benefits of a Capital Campaign
- Feasibility & Planning Study
- Setting Campaign Goal
- Campaign Phases

- Campaign Plan
- Timetable
- Table of Gifts
- Sequential Giving
- Early Theories
- Donors & Volunteers
- Policies & Guidelines
- Feasibility & Planning Study
- Budgets & Staffing
- Trends in Higher Education
“...an organized, intensive fundraising effort on the part of the third-sector institution or organization to secure extraordinary gifts and pledges for a specific purpose or purposes (such as building construction, renovation, equipment acquisition, or endowment funds) during a specified period of time.”

Kent E. Dove
Conducting a Successful Capital Campaign
“Intensive function
designed to raise a specified sum of money
within a defined time period
to meet the varied asset building needs
of the organization.”

Henry A. Rosso
Achieving Excellence in Fund Raising
**Comprehensive Campaigns**

**Definition:** Includes all fund raising conducted for a specific time period

**Includes:** Facilities, endowment, programmatic initiatives, & current operations

**Benefits:** Allows colleges and universities to conduct larger campaigns, secure mega-gifts and involve volunteers and all advancement staff in the process
What gifts count as part of the *Rice: The Next Century Campaign*?

All gifts for current operations and for capital purposes—including endowments and facilities—will count toward the overall campaign goal. Accordingly, all donors will be recognized for their support of *The Next Century Campaign*.

*Source: Rice University Web site*
Comprehensive Campaigns

- Endowment: 51% ($65.3 million)
- Current Operations: 26% ($33.1 million)
- Facilities: 23% ($30.8 million)
In Conducting a Successful Capital Campaign, Kent Dove talks about Seven Prerequisites to Success

1. Support and time commitments from all key groups (Trustees, president, advancement division, academic division, major donors, etc.)

2. Organization with a clear image of itself and a strategic plan
3. Objectives based on important and legitimate institutional plans, goals, budgets, and needs

4. Compelling case for support

5. A market survey addressing internal and external preparedness (Feasibility Study)

6. Leadership that is enlisted and educated

7. Major donors ready and able to give substantial lead gifts before any public announcement of a campaign
It shows an institution's productivity and how it benefits society, it presents clearly the ways the institution wants to improve its service to society and the new resources required.
Internal Case vs. External Case

**Internal:** compilation of information, “database” or archive of various documents

**External:** internal case transformed into a brochure, letter, video, presentation, or other document
Benefits of a Capital Campaign

Values and Purposes of a Capital Campaign

Case Statement as an Educational Tool
Leadership
Old Friends and New Supporters
Annual Fund vs. Capital Campaign
An Instrument of Moral

Edward G. Coll, Jr.
The Successful Capital Campaign (CASE, Chapter 2, 1986)
Benefits of a Capital Campaign

- Competition
- Value for the student
- Recruit faculty/scholars
- Rankings
- Prestige/ego
- Debt/reduce tuition dependence
- Mission
- New programs/special projects
- Fiscal strength/bond credit ratings
“A thorough examination of the institution’s readiness to ask and the community’s preparedness and willingness to give”

Henry A. Rosso
Achieving Excellence in Fund Raising
Feasibility & Planning Study - Outcomes

- Attitudes toward your institution
- Reaction to proposed plans - case elements
- Feasibility of financial goal
- Major gift potential
- Volunteer leadership potential
- Institution as a philanthropic priority
- Timetable

- Willingness to lead, give and solicit
- Preliminary gift indication levels
- Potential obstacles
- Strategies (solicitation cultivation, communication)
- Budget & staffing
- Immediate action steps
- Role of professional counsel
- Other issues
Setting the Campaign Financial Goal

Factors in setting the Campaign Goal:

- Age of the institution
- Caliber of constituency
- Range of the institution’s giving program
- Size of the constituency and geographical spread
- Previous fund raising success
- Quality of programs and impact of services
Setting the Campaign Financial Goal

- Location of the organization
- Human factors
- Other factors

Source: Kent Dove, Conducting a Successful Capital Campaign

Four Factors:

- Feasibility Study
- President (leadership and opinion)
- Trustee commitment & strength
- Budget and staffing
1. Organization & Planning Phase

2. Advance Gift Phase or Nucleus Phase

3. Public Phase

- Campaign should not exceed 7 years
- Period in which donors fulfill their pledges should not exceed five years
Provides the roadmap of how we are going to accomplish our goals

- Strategies
- Communications
- Leadership
- Volunteer management & engagement
- Phases & timetables

Living document - modified as required
## Timetables

<table>
<thead>
<tr>
<th>Phase</th>
<th>Action</th>
<th>Minimum Goal</th>
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<tbody>
<tr>
<td><strong>Leadership Gifts</strong></td>
<td>• Gift requests for Leadership Gift prospects and trustees&lt;br&gt;• Recruitment of Committee Chairs and members&lt;br&gt;• Finalize Campaign Case and Plan&lt;br&gt;• Conduct Leadership Briefings</td>
<td>$60,000,000</td>
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<tr>
<td>July 1998 – Dec. 2000</td>
<td>Gifts of $1,000,000+</td>
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<tr>
<td><strong>Major Gifts</strong></td>
<td>• Gift requests for Major Gift prospects&lt;br&gt;• Complete preparations for campaign public announcement (Est. Fall 2000)&lt;br&gt;• Finalize campaign goal&lt;br&gt;• Complete preparations for alumni segment of campaign</td>
<td>$25,000,000</td>
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<td>Nov. 1999 – Dec. 2002</td>
<td>Gifts of $100,000+</td>
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<td><strong>Special Gifts</strong></td>
<td>• Host Forums cultivation events&lt;br&gt;• Alumni Special Gift requests&lt;br&gt;• Special Gift requests for all constituents</td>
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<tr>
<td>June 2001 – June 2003</td>
<td>Gifts of $10,000+</td>
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<tr>
<td><strong>General Gifts</strong></td>
<td>• Gift requests of all remaining alumni and friends&lt;br&gt;• Personal visits, telephone follow-up, and direct mail requests&lt;br&gt;• Campaign final reports&lt;br&gt;• Victory celebration</td>
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<tr>
<td>June 2002 – June 2003</td>
<td>Gifts below $9,999</td>
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# Table of Gifts - $50M

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<tr>
<th>Gift Level</th>
<th>Prospects</th>
<th>Donors</th>
<th>Goal</th>
<th>Cumulative</th>
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<td><strong>TOTALS</strong></td>
<td><strong>5,685+</strong></td>
<td><strong>1,895+</strong></td>
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<td><strong>$50,000,000</strong></td>
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“Raising funds from the top down and inside out. . . . The largest gifts first”

**Gift Levels**
- $1,000,000 +
- $ 500,000 +
- $ 100,000 +
- $ 50,000 +
- $ 10,000 +
- All the Rest
Early Theories

Rule of Thirds:

First ten gifts $= 1/3$ of Goal/now $1/2$

Next 100 gifts $= 1/3$ of goal

Remaining gifts $= 1/3$ of goal

80/20 Rule:

80% of the work is done by 20% of the people
80% of funds come from 20% of the people

NOW more of a 90/10 Rule
Donors and Volunteers

- More sophisticated
- Demand accountability
- Named recognition is important
- Competition for volunteers
- Larger gifts - donor contracts
- Family decisions on gifts
- Restricted gifts
Establish key campaign policies early:

- Set the tone for the campaign
- Provide the institution with a “framework”
- Anticipate potential dilemmas
- Provide the necessary guidelines to deal with dynamic situations
- Standard guidelines (CASE or NACUBO)
Budgets & Staffing

- Capital campaigns are one of the most cost effective fund raising programs
- Institution needs to budget (5-7 years in advance)
- Budget - every institution is different; 15% of goal would be a safe estimate
Five Essentials for Campaign Success

1. Case
2. Internal leadership must lead by example
3. Potential donors
4. Key campaign leadership
5. Plan
Trends in Higher Education

• Trend toward capital campaigns
• Goals - very large
• Focus on major gifts
• Comprehensive campaign
• Creative financing (i.e. Bond Issues)
• Planning and research
• Feasibility studies
• Competition ($$ and volunteers)