The Five Strategies for Fundraising Success

Part 2 of a two-day mini-course by Mal Warwick
“The Strategic Approach to Fundraising”
Center for Philanthropy
Kyiv, Ukraine
22-23 March 2008

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Is the blue wall behind, or on the side?
Are the parallel lines horizontal?
Here’s my three-part message:

1) Fundraising is **more** than raising money.

2) Fundraising can support your **mission**.

3) You can make **rational** choices when selecting fundraising techniques.
So, you want to raise more money?

- OK. **How** will you do it?
- More major gifts?
- More direct mail?
- Invest in legacy giving?
- Buy lottery tickets?
And how will you decide this?

- What Victor tells you to do?
- What you enjoy doing?
- What somebody said at a conference?
- Doesn’t this seem haphazard?
- Let’s look at this another way . . . 
### What’s the right fundraising mix?

<table>
<thead>
<tr>
<th>Source</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major gifts</td>
<td>40%</td>
</tr>
<tr>
<td>Foundation grants</td>
<td>20%</td>
</tr>
<tr>
<td>Corporate gifts</td>
<td>10%</td>
</tr>
<tr>
<td>Direct mail</td>
<td>10%</td>
</tr>
<tr>
<td>Legacies</td>
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</tr>
<tr>
<td>Government grants</td>
<td>10%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Is that right for your organization?

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Not likely, eh?

What’s “right?” Isn’t that a silly question?
The only good answer is . . .
Chairman Mal’s First & Last Law of Fundraising . . .
It depends!
But what *does* the answer depend on? How *do* we decide on resource allocation?
Here’s my answer. . .

- Mission
- Goals
- Resources
- Opportunities

That’s what “5 Strategies” is about.
The 5 Strategies for Success

... a systematic method to weigh the tradeoffs among contrasting fundraising techniques and make choices based on an organization’s mission, goals, available resources, and opportunities ... at any given stage of the organization’s development.
Take HumanCare, for example:

- 20-year-old social service agency
- City of 250,000 population
- No direct competition
- $500K agency budget
Last year, HumanCare raised . . .

<table>
<thead>
<tr>
<th>Source</th>
<th># gifts</th>
<th>$ rec’d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major gifts</td>
<td>3</td>
<td>$50K</td>
</tr>
<tr>
<td>Foundation grants</td>
<td>2</td>
<td>30K</td>
</tr>
<tr>
<td>Corporate gifts</td>
<td>6</td>
<td>50K</td>
</tr>
<tr>
<td>Direct mail</td>
<td>500</td>
<td>20K</td>
</tr>
<tr>
<td>Planned gifts</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Government grants</td>
<td>3</td>
<td>350K</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>514</td>
<td>$500K</td>
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</table>
This year, $550K. Where from? **OPTION A**

<table>
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<td><strong>TOTAL</strong></td>
<td>1016</td>
<td>$550K</td>
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Or, instead, from . . .?

**OPTION B**

<table>
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<th># gifts</th>
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<tbody>
<tr>
<td>Major gifts</td>
<td>8</td>
<td>$90K</td>
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<td>50K</td>
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<tr>
<td>Direct mail</td>
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<td>20K</td>
</tr>
<tr>
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<td>1</td>
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</tr>
<tr>
<td>Government grants</td>
<td>3</td>
<td>350K</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>520</td>
<td><strong>$550K</strong></td>
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Which approach is right?

- OPTION A: Invest in direct mail, or . . .
- OPTION B: Invest in major gifts

What do we know for sure?

That depends!

Need to know more about HumanCare:

- Mission, goals, resources, opportunities
If HumanCare . . .

- Has dynamic new leadership
- Wants to meet growing needs
- Views government grants as shaky
- Needs higher visibility
- Wants broader community support
- . . . Then OPTION A makes sense.
## OPTION A

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But if HumanCare . . .

- Serves a stable population
- Just built a big new facility
- Knows its biggest donor will soon be gone
- Expects a large bequest
- Feels secure about institutional funding

. . . Then OPTION B makes sense.
## OPTION B

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Two fundraising strategies

- Same organization, different circumstances
- At this stage of organizational development
- OPTION A = Growth: build the donor base
- OPTION B = Efficiency: lower cost of fundraising
- Diff’rent strokes for diff’rent folks!
Five strategies, all told:

- Growth – build the donor base
- Involvement – make donors active
- Visibility – raise public profile
- Efficiency – lower the fundraising ratio
- Stability – ensure long-term survival

G + I + V + E + S = GIVES
The Five Strategies

- Strategy vs. tactics in the military sense
  - Strategy = “win the war”
  - Tactics = “win the battle”
  - No strategy = muddle
  - Strategy = FOCUS

- Select one primary strategy
- You cannot pursue all five simultaneously
- Some strategies are mutually exclusive
Growth

- Viewed as **dynamic**
- Possesses audacious goals, bold leadership
- Typically, low entry-level gift
- Direct mail acquisition is common
- Examples: environmental groups, animal rights organizations, anything new
- Frequently, broad reach, substantial impact
Involvement

- Viewed as **rewarding** for participants
- Often offers concerts or exhibitions, volunteer programs, grassroots lobbying
- Commonly uses direct mail membership, telephone fundraising, donor newsletters, welcome packages
- Examples: museums, performing arts organizations, public policy groups
- Requires public participation
Visibility

- Viewed as familiar
- Characterized by broad public interest
- Public opinion is key. Many stakeholders.
- Brand identification critical
- Often uses TV/radio, special events, cause-related marketing, publications
- Examples: medical research organizations, emergency relief charities
- Requires broad public awareness, widespread name recognition, action
Efficiency

- Viewed as **resourceful**
- Characteristics: cost-conscious, well-established
- Relies on planned giving, major gifts, foundations, corporations, monthly giving, workplace giving, government grants
- Examples: social service agencies, hospitals
- Requires frugal management
Stability

- Viewed as **enduring**
- Characteristics: unchanging values, unending needs, broad financial base
- Relies on endowment, diversified fundraising, pre-authorized checking
- Examples: universities and colleges, residential care facilities
- Requires sound finances, cash reserves, long-term perspective
The **GI VES** model . . .

- An approach, not a formula
- A systematic method of analysis
- A way to allocate resources
- Most of all, a way to devise the right strategy to match your **unique** mission, goals, resources, opportunities . . . at this stage of your development
So, what does this all mean?

1) Fundraising is more than raising money.

2) Fundraising can support your mission.

3) You can make rational choices when selecting fundraising techniques.
A thought in closing . . .

“If you don’t know where you’re going, you can end up somewhere else.”

—Yogi Berra, Philosopher
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Putting the Five Strategies to Work

Part 3 of a two-day mini-course by Mal Warwick
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Five strategies

- At every stage of development . . .
- One PRIMARY strategy
- One Secondary strategy
- PRIMARY + Secondary
Once upon a time . . .
In a city far, far away . . .
Oleg Bahaty had a vision . . .
The Oleg Bahaty Institute of Interactive Technology!
How to build a 25M hryvnia museum?

- Oleg’s 10M hryvnia lead gift
- Blue-ribbon committee
- Capital campaign
- Institutional gifts (foundation, corporate)
- Membership development
PHASE ONE: Year 1

- Launching the Institute: Visibility primary
- Involvement secondary
- VISIBILITY + Involvement
- Fundraising efficiency must wait
- Subsidize membership program
PHASE TWO: Years 2-4?

- Building the base
- GROWTH + Involvement
- Subsidize Growth
- Back-end fundraising
- Efficiency, Stability still elusive
PHASE THREE: Years 5+?

- Securing the future
- Strategic *choices*
Strategic choices

1. EFFICIENCY + Stability
2. STABILITY + Efficiency
3. INVOLVEMENT + Efficiency
4. STABILITY + Growth
1. EFFICIENCY + Stability

- Limited acquisition
- Emphasize major donor fundraising
- Cut membership service costs
- Endowment campaign
2. STABILITY + Efficiency

- Limited membership acquisition
- Cut membership service costs
- Endowment-building emphasis
- Planned giving promotion
- Slightly lower Efficiency
3. INVOLVEMENT+ Efficiency

- Involved members give more
- Continuing acquisition
- Expanded membership program
- Legacy-promotion program
- Lower short-term Efficiency
4. STABILITY + Growth

- Growing membership at low cost
- Expanding pool of major gift prospects
- Diversified fundraising efforts . . .
- Short-term loss in Efficiency
One PRIMARY strategy

GROWTH
INVOLVEMENT
VISIBILITY
EFFICIENCY
STABILITY
THE FIVE STRATEGIES FOR FUNDRAISING SUCCESS

A MISSION-BASED GUIDE TO ACHIEVING YOUR GOALS

MAL WARWICK
Join me!

International Workshop on Resource Mobilisation

May 22-25, 2008

Kuala Lumpur, Malaysia

www.resource-alliance.org
Your turn now, folks!

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