

Alliance Guide to Fundraising

Part One: Creating and Implementing an Effective Fundraising Plan



Alliance for Biking & Walking

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Alliance Guide to Fundraising Series

1 Creating and Implementing an Effective Fundraising Plan

2 Anatomy of a Winning Proposal

3 Finding Local Funding Sources

4 Consulting and Contracts

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Introduction

Since 1996, the Alliance for Biking & Walking has worked to create, strengthen and unite bicycle and pedestrian advocacy organizations across North America. As agents of change on the ground, state and local advocates are transforming their communities into great places to walk and bike.

Securing and maintaining sustainable and diverse funding streams is a key component of a successful advocacy organization — and fundraising is a top interest among Alliance members. In order to share knowledge, best practices and real-world examples, the Alliance is creating a five-part *Guide to Fundraising* throughout 2012.

This guide serves as Part One of the evolving series. As these guides are meant to be living documents, we invite your input and examples to strengthen and enhance these resources for all Alliance member organizations.

Please contact Brighid O’Keane, Advocacy Advance Program Manager, with any insight or contributions for this or future guides in the fundraising series:
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Your fundraising plan may have a great strategy, but if it doesn't have an action plan that allocates time-lines and responsibilities, it's just a pipe dream.

- Gail Perry, Fired-Up Fundraising



Raising money is often one of the most challenging issues nonprofits face. Finding the dollars to advance your campaigns and grow your organization requires strategy, planning and follow-through — especially in today’s tough funding climate.

A solid fundraising plan is the first step to identifying your organization’s goals, tactics and timelines, and it will help you meet, and even exceed, your financial targets.

Because there are a number of ways to raise money, your fundraising plan is an opportunity to flesh out which options are best for your specific organization. It keeps you focused on the most effective means of drawing in dollars. “Having a plan means that when somebody else on your board thinks they’ve come up with a fabulous fundraising idea, you can say, ‘You know, we would love to do it, but it’s not in our plan. Maybe we can work it into next year,’” says Gail Perry, founder of Fired-Up Fundraising. “It protects you from all those well-meaning but wild-eyed ideas.”

This guide summarizes the elements of a fundraising plan, various fundraising strategies and tips for a successful plan. **Fundraising plans are extremely variable, and should be adapted to each organization’s mission, budget, financial goals and fundraising opportunities.** As this guide indicates, there is not one specific fundraising plan template. Instead, it provides guidance and examples to pull from and apply to your organization.

The purpose of a fundraising plan

A written plan will... give you guidance on strategy and tactics when you are in the thick of events, mailings and calls. In short, your fundraising plan will keep you sane.

*- Joe Garecht,
The Fundraising Authority*



What to include in your plan

Creating a fundraising plan may seem daunting, but it's worth the investment of time. Here are some simple steps to make the process more manageable.

1. Get input from board, staff and volunteers, and designate a fundraising committee. Not only will this help you to understand the needs of your organization, but it will also help to distribute the work. Getting other people involved allows them to take ownership over parts of the plan. Also, determining who of the staff and board will lead the effort and assume other roles in the process will make follow-through easier.

2. Identify your organization's assets and explain how the funding relates to your mission. Know what you have and where you're going, so you can articulate your community impact to potential funders and donors.

a. **Identify your organization's strengths.** What does your organization do well, and what makes your organization important to your community? Where does your organization need to make improvements?

b. **Create a case statement.** A case statement is a benefits-oriented explanation of the fundraising campaign, and it demonstrates why you deserve the funds. Explain your vision, why you're undertaking the project and how you plan to complete it. See Example A on page 12.

3. Assess your fundraising history. How you've gotten funding in the past will guide how you raise dollars in the future.

a. **Create a fundraising history** that shows funding sources you have used before, and recognize the trends in each category. This will help you to make a better estimate of what to target in the future. See Example B on page 13 for a sample fundraising history.

b. **"Start with what you have,"** suggests Ryan Nuckel, Development Director for Transportation Alternatives in New York City. "Identify your membership program and sponsors you already have and first make sure their support is retained or increased by X percent."



4. **Create a dollar goal.** Once you've taken stock of what you have, estimate what you will need. There are different ways of approaching this:
 - a. For a quick and simple approach, put together your expense budget and use the total (plus a little surplus) as your fundraising goal. See Example C on page 14.
 - b. Look at last year's income to see if there is something that would only have come in for that year alone, like a one-time memorial gift.
 - c. Identify new needs and think through the best way to pursue funding for those needs.
 - d. Set loftier goals for your organization, and identify steps you need to take in order to achieve them.

5. **Forecast.** Have an idea of how much funding you might be able to raise and from what sources (see Example D on page 15). To do this:
 - a. Identify prospective funders. Make a list of all donors, members, foundations and corporations that you plan to request funding from. Make a list of how much you will request from each source.
 - b. Estimate the chances of receiving funding from each prospect.

6. **Outline your strategy to get to your goal.** Make it as detailed as possible and, once you have it settled, write it down! A written plan will be more consistent than one you hold in your head, and will serve as a guide as you work through fundraising.
 - a. List major funding streams, such as memberships, grants, government contracts and major gifts.
 - b. Develop goals for each source. Each funding source is different, so you need different goals for each one.
 - c. List concrete action steps, including the point person and benchmarks for progress toward each goal.

7. **Create a timeline for your plan's completion.** As noted above, put the fundraising plan on a timeline for what gets done and when. Assign people tasks and projects within the plan and give deadlines for completion.

8. **Put it all together in your plan.** See Examples E and F on pages 16 and 17 for sample strategies.

Before you can approach prospective funders for support, you need to know how much money you need.

- Grant Space



Choosing the right strategy

Are there other benefits accruing from this strategy besides money —media exposure, good will, etc?

- River Network

After you take stock of your organization's strengths and needs and set your fundraising goals, it is time to strategize the most effective means for your organization to raise funds. Making sure your funding stream is diverse, rather than relying on just one or two sources, is the most important step to ensuring your organization's sustainability. According to the River Network, considering the following questions can help you choose the strategies that will work best for your organization.

1. Does this strategy fit with the **mission** of our organization?
2. Does this strategy represent a **stable source** of income?
3. Does this strategy **build our organization**, our staff, our board, our pool of volunteers?
4. Does this strategy grow our **core operating budget**?
5. Is this strategy **cost effective**? Does it bring in at least twice what it costs?
6. Can this strategy be integrated into **program activities** that are already planned?
7. Has this strategy **worked well** for us, or for groups like ours, in the past?
8. Does this strategy take advantage of our organization's unique **fundraising assets**?
9. Will our target **constituencies** respond well to this strategy?
10. In terms of **timing**, does this strategy fit well with other activities we have planned?
11. Do we have the **skills and/or expertise** we need to carry out this strategy?
12. Do we have the **resources** (money, people) to carry it out?
13. Are there **other benefits** accruing from this strategy besides money (media exposure, good will, etc.)?

There are many methods of fundraising from which your organization can choose. On the following pages are some of the most common ways to raise money, each with pros and cons. **Remember, a successful organization uses a variety of revenue sources.**



1. Membership

Individual members are the most reliable and consistent source of income and support for your organization. They should be among your core fundraising strategies. The majority of giving in the U.S. (over 70%) is done by individuals.

Every time you represent your group, use it as an opportunity to solicit new members. Setting a membership contribution level of at least \$30 for individuals is recommended, and business memberships should be a higher giving level in your plan.

Visit the Alliance Resource Library “Membership Development and Retention” section for tips about building membership, such as database needs, outreach ideas and sample prospect and renewal letters.

<http://tinyurl.com/7hhlxqk>

Maintaining contact with your members and donors is critical. “You want to be contacting everyone who’s ever given you a gift,” Gail Perry says. “It’s very important to be in touch with those people and ask for support on a regular basis. Don’t let them slip away.” Thank them for their contributions, acknowledge them publicly and privately, update them with your organizations’ successes and cultivate them as potential large donors.

2. Major Donors

Major donors are culled from members who have given the most or for the longest period of time. Many nonprofits are daunted by the task of cultivating major donors, but this avenue is one of the most efficient ways to raise funds — approximately 5 to 10 cents on the dollar. Focus on building relationships between your organization and potential large donors. Acknowledge them privately, and ask if they would like to be recognized publicly for their contributions.

Part three of this Fundraising Guide series will discuss contact with members and major donors in greater depth.

The greatest portion of charitable giving in 2010 — \$211 billion — was given by individuals or household donors. Gifts from individuals represented 73 percent of all contributed dollars.

- Giving USA



Where do you find donors? Start with people that you know who are both passionate about your organization's mission and who have the capacity to give. Engage them in your organization, ask for their support and steward your relationship with them throughout the year.

- Ron Milam

Ron Milam, consultant and the founding executive director of the Los Angeles County Bicycle Coalition, suggests five tips that will help you steward your existing relationships with donors, those most likely to give to your organization again:

1. Write a personalized thank-you note after each gift.
2. When a positive story comes out in the media, forward it to your top donors and include a personalized thank-you note saying they helped make it possible.
3. Schedule a face-to-face meeting with your top donors at least once a year and be sure to thank them at some point during the conversation.
4. Acknowledge your donors in your annual report (and when you mail it to your supporters, add a personal note to that donor thank-you page).
5. Listen to your donors and find out what they are interested in. Thank them for sharing with you.

3. Events

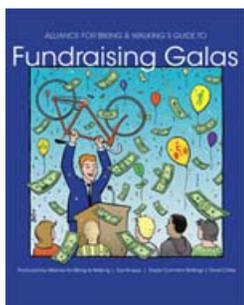
Your organization can choose from a variety of events that are most relevant for your group's capacity, your members' interests and your campaign focus. Visit the Alliance Resource Library "Events" section for resources on income-generating events including galas, rides, summits and conferences.

<http://tinyurl.com/82dkzuh>

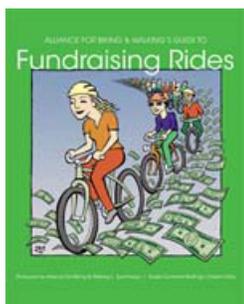
Use events as opportunities to build stronger relationships with your member and donor base, but remain cautious about using them as a fundraising tool. They are, relatively speaking, among the most inefficient ways to raise money. Research shows that it costs 50 cents to raise \$1 from events. If your organization relies heavily on this revenue stream, consider putting more effort into fewer events to avoid exhausting your volunteer base and potential sponsors. Consider activities that support the events of your community partners, such as bike valet.

Resources:

Alliance Guides
<http://tinyurl.com/7j8k4vj>



Alliance Guide to Fundraising Galas



Alliance Guide to Fundraising Rides



4. Grants

Most likely your organization will apply for grants at some point. Research foundations to make sure your mission and activities are aligned with the terms of the grant. An extensive search can be made at the Foundation Center. Start your search with funders similar to those that already support you (preferably in your local community) and build relationships with the staff and board of those organizations.

Beware that soliciting foundations and corporations has the lowest rate of return of the major fundraising strategies. “Many boards naïvely think that grant writing is a panacea that will solve all your problems,” Gail Perry says. Grant dollars actually represent a small portion of the fundraising pie for many nonprofits.

The next guide in this series will discuss grants in greater depth and will provide tips on how to write a winning proposal.

Your organization may also choose to pursue other sources of revenue such as government contracts, consulting, corporate sponsorships, fees for services and product sales. After you identify the fundraising strategies you want to pursue, fit them into your plan with a realistic monetary goal, timeline, point person/people to head up the efforts and the action steps to take.

Analyze Your Fundraising Efforts

- What has worked for each source of income? Note on a separate sheet of paper what has worked well to bring in money and techniques that you want to do again.
- What hasn't worked? How can you improve or modify these strategies to make them work?
- What are new opportunities that you want to take advantage of, such as a special anniversary, a large organizing campaign or a new executive director?

- *Grassroots Fundraising Journal* (GrassrootsFundraising.org)



Tips for a successful plan



Now that you have focused your fundraising plan and strategies, here are some more tips to ensure your plan's success:

Ryan Nuckel, Development Director, Transportation Alternatives: Ryan encourages you to remember the advice of 1980s rapper Vanilla Ice: Stop, collaborate and listen.

Stop: Dedicate time for developing your plan, whether that means planning a staff retreat or just working from home for a single day. Find a way to limit distractions.

Collaborate: Even if you're the only staff person at your organization, you are not alone in this work. "It's really important to identify people who can help you, free you up from bottom lining every single thing and give you the time and mental energy to focus on the big picture," Ryan says. "From the very beginning you should be identifying top collaborators, getting their buy-in and empowering them to work independently. You need to establish a clear calendar of responsibility and a system of benchmarking and checking in throughout the year. You don't need to be bottom-lining everything, but you do need to be tracking." Reach out to public health organizations, nonprofit associations, state and local officials and, of course, the Alliance for Biking & Walking if you need assistance.

Listen: Pay attention to feedback from your donors, take all your data into account, be flexible if conditions change and have back-up plans on hand throughout the year. Continue to revisit your fundraising goal and evaluate your methods to reach it.



Beth Richards, Development Director, Safe Routes to School National Partnership

Start your plan with a scan: Make sure the beginning of your plan highlights where you stand and how you got there. "I'd suggest an introductory section that shows the data you have — what are your current revenue sources? — and maybe have a scan of that over couple years," Beth says. "That kind of information can act as an educational tool for board members, showing them where the money really comes from and how they can plug into the effort."



There’s no such thing as too much planning: Once you have your overarching development plan, drill down and carefully plan the specific steps that will get you to your goals. Gather as much information as you can about your prospects, especially when soliciting corporate support.

Before you can raise money, you have to make your case: Know your organization’s role in the community and what audience you are targeting: Research shows that more than 70 percent of revenue for nonprofits comes from individual donors, so listen to what aspects of your work are really resonating with and galvanizing your members and supporters.

Stay focused: ”Focus on what is really impactful of your budget,” Beth suggests. “Don’t stray into things that are not budget relieving. It’s great to establish relationships with in-kind donations, but you need to focus on resources that are going to have the most long-term impact, so you can do the work.”



**Ron Milam, Milam Consulting,
Los Angeles County Bicycle Coalition**

Engage your board in creating and implementing your plan.

Evaluate your past fundraising and continue and build the strategies that generated funds and built stronger relationships with your donors.

Scrutinize your materials and have someone with fundraising experience review your past grant proposals, events and results of your fundraising work. Learn from this process to build your capacity as fundraisers.

Refer to your plan at least monthly and make sure the work-plan you created from it is still effective.

Focus on what is really impactful in your budget...

Focus on resources that are going to have the most long term impact.

-Beth Richards

Additional Tips

- Integrate fundraising with other activities in your organization’s work & campaign plans.
- Make and stick to your fundraising calendar.
- Spread out activities over the entire year.
- Realistically budget your potential revenues. It’s better to exceed your goals than not to meet them.
- Plan for more income than expenses in case you don’t reach all of your income targets.

- River Network



Example A: Creating your case statement

Clarifying the Case

EXPLAIN HOW THE FUNDING COMPLEMENTS YOUR MISSION.

Defining your specific expertise and mission can help you to stand out and help funders identify the best place to apply their dollars.

DESCRIBE WHAT YOUR ORGANIZATION DOES WELL.

Write down three things about your organization— accomplishments, structure, the people involved, etc.—that you're most proud of:

1. _____
2. _____
3. _____

DESCRIBE WHAT MAKES YOUR GROUP UNIQUE.

What do you have or do that no one else has or does in your community?

1. _____
2. _____
3. _____

KNOW YOUR AUDIENCE.

Whom are you trying to reach...for any reason? List your different audiences:

CAPTURE THEIR ATTENTION.

What's your "sound bite"? Given limited time, what words will you use to help them remember you? Write down phrases or sentences that describe what you do and provide an emotional appeal for the reader or listener. Tell a compelling story.

Adapted from the Alliance for Community Trees' "Fundraising and Development: Finding Funds for Community Projects"



Example B: Fundraising History

ABC BICYCLE COALITION: FUNDRAISING HISTORY				
Category	2008	2009	2010	2011
1. Renewals	\$5,190	\$5,135	\$7,245	\$8,520
2. New Members	\$1,320	\$1,870	\$435	\$2,305
3. Year--End Appeal	\$3,245	\$4,955	\$6,720	\$8,280
4. Major Donors	\$4,870	\$6,585	\$7,000	\$8,200
5. Board Giving	\$2,344	\$2,975	\$5,399	\$6,100
6. Foundation Grants	\$24,424	\$4,500	\$18,000	\$25,518
7. Government Grants	\$0	\$39,866	\$91,383	\$38,279
8. Events	\$589	\$1,605	\$2,955	\$3,280
9. Sponsorships	\$2,522	\$5,333	\$1,054	\$5,682
10. Product Sales	\$14,866	\$7,670	\$4,727	\$3,850
11. Etc.				
TOTAL	\$59,370	\$80,494	\$144,918	\$110,014

As you compare numbers from one year to the next, and look at trends in each income category, you will see definite patterns emerge which will give you a good idea of how much of an increase is feasible to project for the upcoming year. Later, once you have laid out the specific strategies and monetary goals for each fundraising activity, you may adjust this figure slightly. In the meantime, this will give you a number to shoot for.

- River Network



Example C: Sample General Operating Budget

Budget Period: _____ to _____			
I. INCOME		II. EXPENSE	
SOURCES	AMT	USES	AMT
Revenue		General Operating Support	
Government grants & contracts		Salaries & Fringe Benefits (for project budgets detail each position to be funded)	
Banks & Foundations		Salaries, Fringe & OTPS	
Earned Income		Salaries, Fringe & OTPS	
Fundraising		Insurance & taxes	
Donations		Consultants & professional fees	
In-kind support		In-kind expenses	
I. TOTAL INCOME	\$	II. TOTAL EXPENSE	\$
Detail OTPS Expenses		Subtotal OTPS Expenses	
Banks & Foundations		Equipment	
Earned Income		Supplies	
Earned Income		Printing & copying	
Earned Income, Banks & Foundations		Telephone & fax	
Earned Income, Banks & Foundations		Postage & delivery	
Earned Income		Rent & utilities	
Other Income (specify)		Other Expense (specify)	
Other Income		Other Expense (specify)	
Other Income		Other Expense (specify)	
I. TOTAL INCOME	\$	II. TOTAL EXPENSE	\$
		NET INCOME (income less expense)	\$



Example D: Forecast

Fundraising activities, current year-to-date figures and projections for the coming year:

SOURCE	LAST YEAR'S INCOME	LAST YEAR'S EXPENSE	CURRENT YEAR'S INCOME	CURRENT YEAR'S EXPENSE	NEXT YEAR'S INCOME	NEXT YEAR'S EXPENSE
Individual donors						
Total						
• Membership dues						
• Events						
• Major Gifts						
• Mail solicitation						
• Other:						
Sales /earned income						
Other sources:						
• Government						
• Foundations						
• Corporations						
TOTALS						



Example E: Strategy & Timeline

Sample Fundraising Plan for ABC Bicycle Coalition

Strategy	Goals	Steps	Who	When/How Much
1. New Member Acquisition	500 new members \$9,000	1. Do 2 direct mail campaigns to 10,000 prospects each (300) 2. Each board members recruits 2 member/month (120) 3. Participants in rafts trips become members (50) 4. Buyers of books of raffle tickets become members (30)	1. Staff & consultant 2. Board 3. Staff 4. Staff	May & Sept/\$7,000 monthly/no cost summer/no cost fall/no cost
2. Renewals	100 out of 154 (65%) \$2,000	1.Call last year's unrenewed members; ask them to renew 2.Do 3 mailings to current members, spaced 1 month apart 3. Call unrenewed members, asking them to renew	1.Staff & volunteers 2.Staff 3.Staff & volunteers	Jan/\$50 Jan, Feb, Mar/\$400 May/\$50
3. Special Appeals	\$2,000	1.Prepare a special appeal to all members on lawsuit; 2. Prepare a follow up request in six weeks	1. Staff 2. Staff	Mid Oct/\$400 Early Dec/\$100
4. Special Events	\$10,000	1.Hold a raffle which will generate money, educate the public and recruit members.	Board Committee	June-Oct/\$2,500
5. Major Donors	\$5,000 30 Donors: 20 @\$100 8 @ \$250	1. Research names of potential major donors(120 names); 2.Create a special donor club with special benefits; 3. Schedule personal visits with as many of these as possible	1. Staff with Board 2. Staff 3. Staff & Board	Ongoing/\$500



Example F: Strategy

ABC Bicycle Coalition Overview of Annual Development Plan

Board Gifts

- Schedule Board Campaign – include pledge options.
- Consider a 6-8 week period appropriate to development planning.
- Prepare letter from the Chairman of the Board or designated chair of the board campaign.
- Announce Campaign at Board meeting and report regularly at board meetings on progress toward goal.
- Strive toward 100% participation toward goal.

Major Gifts

- Adopt a policy of considering gifts of \$1,000 as Major Gifts and promote through giving society across all print and electronic media.
- Review all current donors, prospects and suspects and assign appropriate number of prospects for targeted cultivation and solicitation.
- Create and implement a strategy for each assigned prospect.
- Solicit segmented database through regular direct marketing appeals at the \$1K+ level
- Prioritize development operations to gradually raise a targeted percentage of budget from major gifts (outsourcing direct marketing into ABC County).
- Involve leadership staff, board and advocacy in major gifts identification, rating, soliciting and thanking.
- Establish an annual fund major gifts program by spring that is led by the Development Committee, Advocacy Board and other volunteers.
- Use annual event(s) to directly promote the giving society, annual giving program and volunteer leadership.

Planned Gifts

- Include a planned giving notice on all print and electronic publications and communications.
- Establish Legacy Society to promote planned gifts and profile planned giving donors.
- Screen database and identify appropriate prospects for cultivation and planned gift solicitation.
- This spring, send planned giving mailing appeal to identified prospects in database introducing Legacy Society.
- Hold two financial planning seminars, promoted to all donors, volunteers and through all community calendars and media.

Direct Mail

- Submit RFPs to leading not-for-profit and ABC-affiliated direct marketing firms to outsource and expand prospecting, renewal and special appeals in ABC County and other targeted markets.
- Establish revenue goals and strive toward mailing to 20 to 25% of households in appropriate donor populations.
- Conduct cost-benefit analysis of maintaining the file in-house or allowing a vendor to maintain file on appeal returns – will need to determine data interface with Exceed or Excel transfer capacity.

Grants

- Research and identify all local, state and national grant sources that relate to ABC programs and services.
- Research grant funding sources and deadlines to create an annual grant application calendar by January 1.
- Utilize student interns/employees to research, gather information and write initial proposal applications.

Special Events

- Expand current events (Bike Fest) to promote giving societies and provide targeted cultivation, stewardship and gift recognition opportunities.



Conclusion

As your organization develops, so will your plan and funding strategies. Ensuring buy-in from your board and staff and keeping your goals achievable will support your fundraising efforts. Creating a plan, following through with it and communicating your progress with stakeholders and donors are the essential elements for successful fundraising. And remember: Your plan is a dynamic document, flexible to new opportunities and lessons learned — continue to review and revise it as conditions necessitate.

References and resources

Click the following link for more than 75 fundraising planning resources in the Alliance Online Resource Library:

<http://tinyurl.com/cwfc8et>

In particular, check out the sample fundraising plan from the Bicycle Alliance of Washington: <http://tinyurl.com/co348x7>

Also, use this fundraising planning worksheet from Grassroots Fundraising Network: <http://tinyurl.com/8xagevb>

Contact

Questions? Ideas?

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