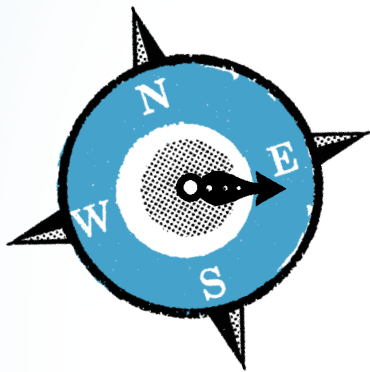


# DIVE INTO DEVELOPMENT PLANNING: A LEARNING LABORATORY



## COMPASS POINTS

- Development means the activities and structures that support fundraising.
- Development is a sustained investment in the future of your organization.
- Development policies, structures, and plans guide fundraising activities over the long term.
- Development is an ongoing process that creates a culture of fundraising in your organization. Everyone is involved in development!
- A development plan has seven components: a statement of purpose, strategic goals, operational goals, a fundraising goal, a cash flow projection, a spreadsheet of appeals, and a calendar.
- Your first development plan is the hardest to create. It gets easier as you gain experience.



When you see this symbol, you'll know you can find a copy of the form or worksheet (or a great link to great info) at the training page of the Gill Foundation Web site.

## PHRASE BOOK

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**Appeal** The implementation of a fundraising method

*A mailing of 10,000 acquisition letters is an appeal. Your annual special event is an appeal.*

**Campaign** A fundraising campaign is a collection of appeals, a targeted effort to raise money during a specific time period, and sometimes for a specific purpose or from a specific population

*Annual campaigns and capital campaigns are common, but also think about parents campaigns or spring membership campaigns.*

**Case Statement** (also called Case for Giving or Case for Support) A summary of your organization's mission, programs, structure, and plans

*This brief, multi-purpose document is your power tool in fundraising.*

**Development** The structure—policies, procedures, databases, training, staff and volunteer management, and strategic planning—that supports and drives fundraising

**Direct Marketing** Direct marketing can take several forms: mail, telephone calls, e-mail

*Direct marketing is targeted and personalized. It is easy to test and to track. Direct marketing always asks the prospect to take action, so it includes a way for the person to respond.*

**Earned Income** Non-fundraising income

*Earned income can come in the form of rent, merchandise sales, ticket sales (except ticket sales for fundraising events!), or investment income. If your organization uses funds from an endowment for part of its operating budget, this would be considered earned income.*

**Federated Campaign** A collaborative effort in which an umbrella agency like the United Way, United Jewish Appeal, or United Negro College Fund raises money and then distributes the funds to other nonprofits

**Foundation** A nonprofit corporation or trust that has been created through contributed funds to support nonprofit organizations

**Fundraising** Asking people to invest in your mission by making a financial contribution

**Fundraising Method** All the ways you can ask people for money to support your mission and programs

*There are eight basic fundraising methods: direct mail, telemarketing, e-philanthropy, face-to-face asking, events, grants, sponsorships, and planned giving.*

**Fundraising Strategy** Strategies define the goal of your fundraising efforts

*There are three fundraising strategies: gaining new donors (acquisition), keeping current donors (retention) and ensuring donors make bigger gifts (upgrade).*

**Gift Acceptance Policy** A policy approved by the board of directors that outlines the types of gifts that will or will not be accepted by the organization and outlines procedures for special types of gifts (real estate, collectibles, charitable trusts, etc.)

**Gift Range Chart** An outline of the number of prospects and gifts at various levels that are required to meet the fundraising goals of a capital campaign or an annual campaign

**In-house Appeal** An appeal made to your internal donor audiences, including your long-time donors, board, volunteers, and staff members

**In-Kind Gift** A contribution of property or service in addition to or instead of cash

**Mission Drift** The tendency to shift programmatic goals and activities in order to attract specific funders

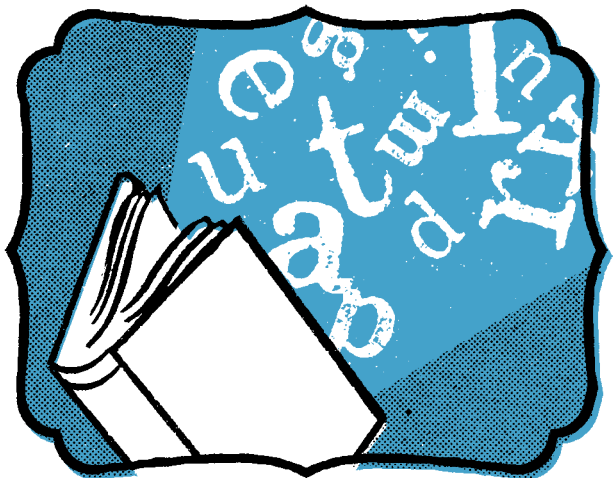
**Prospect** Someone who might be interested in supporting your organization, but who has yet to make a gift

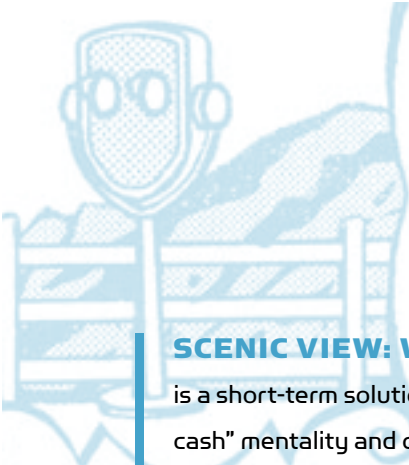
**Return on Investment** The method of evaluating the success of fundraising activities that analyzes—appeal by appeal, method by method—funds raised as a percentage of fundraising expenses

**Statement of Activities** A statement that documents your revenue, expenses, profits, and deficits over a specific time period

*This differs from your operating budget, because it is a snapshot of a period in the past. Since 1995, the Financial Accounting Standards Board has used the term “Statement of Activities” rather than “Income Statement.”*

**Sustainers** Donors who make a regular contribution, usually on a monthly or quarterly basis. *Sustainers are often given special recognition as members of a “club” or “society.”*





**SCENIC VIEW: WHY DEVELOPMENT MATTERS** Without a development plan, fundraising is a short-term solution to bringing money into your organization. Fundraising alone encourages a “quick-cash” mentality and can favor one-time gifts over building relationships with donors. Random fundraising appeals are often reactive and born out of crisis. Crisis-driven appeals do little to encourage a donor’s faith in your organization’s long-term viability. Development, on the other hand, is a long-term investment in your organization’s future. Development is strategic. It results in more efficient and effective fundraising. Most important, development cultivates sustained relationships between your organization and its supporters.



# RULES OF THE ROAD

**Fundraising can and does exist without development. But that’s cheating your organization of donors and dollars that will advance your mission.**

**Development cannot exist without fundraising. The development function is all about guiding fundraising activities.**

**Together, fundraising and development are powerful forces in gathering the resources your organization needs to change the world.**



# Fundraising? Development? What's the Difference?

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## **FUNDRAISING**

the act of raising money

## **DEVELOPMENT**

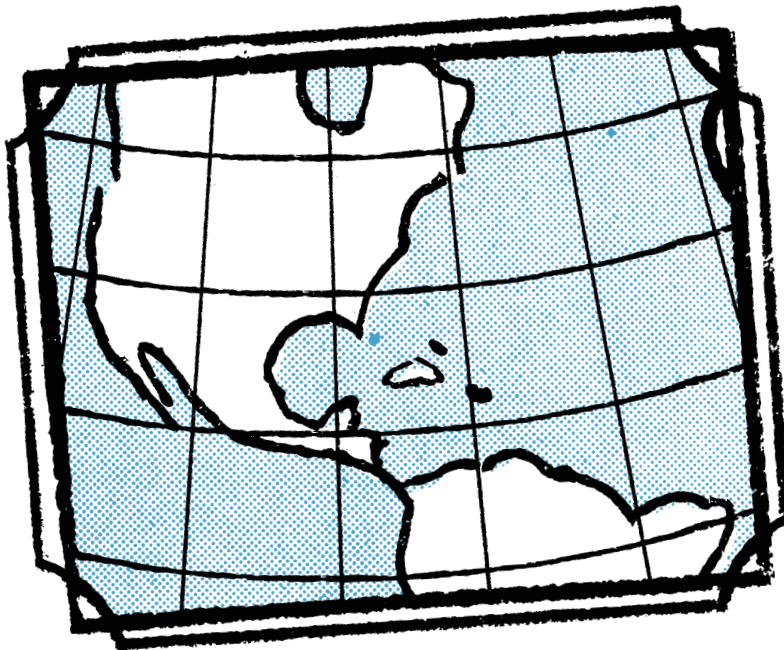
the policies, structures, practices, and plans  
that ensure resources for your organization over the long term

## **A DEVELOPMENT PLAN IS...**

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an outline showing  
how an organization is going to fund its programs  
during a specific time period.

It is the fundraiser's roadmap.



## **YOU NEED A DEVELOPMENT PLAN BECAUSE...**

-  It creates a culture of fundraising.
-  It ensures that revenue goals are realistic.
-  It ensures that your organization has a diversified funding stream.
-  It is a monitoring tool for measuring progress.
-  It helps you avoid “out of context” fundraising that can jeopardize your organization’s long-term success.
-  It outlines roles and responsibilities.
-  It helps funders know where they fit into your funding patterns.

## **A DEVELOPMENT PLAN HAS...**



### **STATEMENT OF PURPOSE**

This is a bold announcement that your plan supports your organization's mission.



### **STRATEGIC GOALS**

These goals address the big, broad ways to make or keep your organization financially sound. Some of these goals will take time to accomplish, even a number of years. Remember, a development plan is about the long term. Examples of strategic goals are: to diversify funding streams; to involve more people in fundraising; or to ready the organization for a capital campaign in three years.



### **FUNDRAISING GOAL**

This is the amount you need to raise this year to support your operating expenses. This goal is derived directly from your organization's operating budget.



### **CASH FLOW PROJECTION**

A cash flow projection ensures that your revenue stream is steady and adequate to meet expenses.



### **SPREADSHEET OF APPEALS**

This spreadsheet includes action steps, costs, net returns, ownership, and a timeframe. It is the essential tool in planning your work.



### **OPERATIONAL GOALS**

This section of the plan identifies the structural and management tools that will support fundraising. Examples might be: to make sure your database will be current and accurate, to publish an electronic newsletter, or to hire a part-time grant writer.



### **CALENDAR**

A large calendar, placed in a prominent spot, reminds everyone of when work needs to be done.



## WHEN IS THE RIGHT TIME TO PLAN?

Your development planning should begin right when you start putting together your organization's operating budget for next year. For many organizations, this is four to six months before the start of the fiscal year.

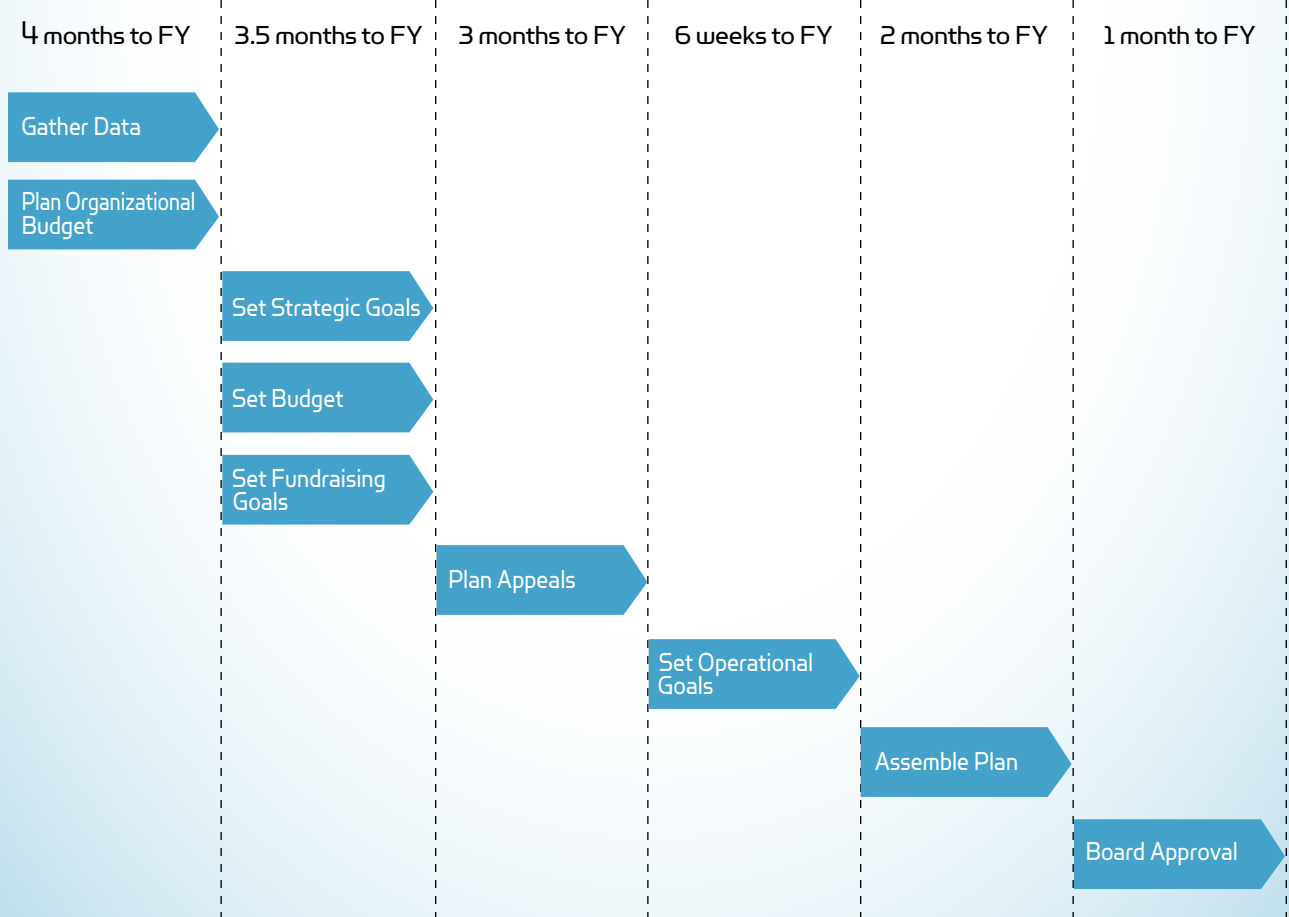
It takes some time to gather all the information and records you'll need, especially for your first plan.

Because development is about long-term success, you'll want to spend quite a bit of time formulating strategic goals.

Once you've determined your operating budget, you can plan exactly how to raise the money you'll need.

Planning your appeals and figuring out what resources—time, systems, money, and people—you'll need to carry them out can take a while, but writing that part of the plan isn't too time consuming.

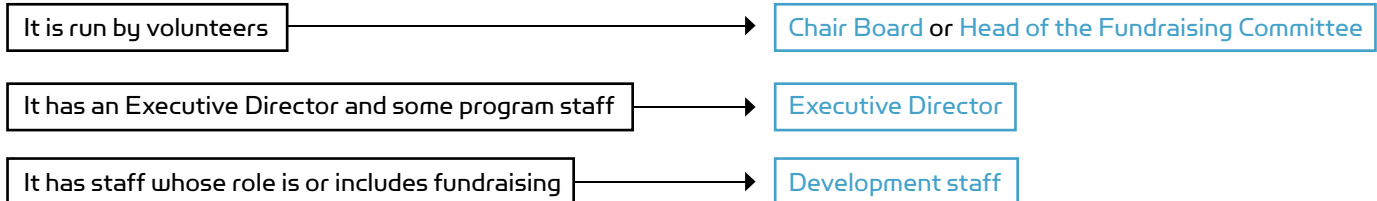
Your board should approve the development plan at the same time it approves the budget.



## WHO SHOULD CREATE THE DEVELOPMENT PLAN?

So, who should be the mastermind behind the development plan?

Like most things in the nonprofit world, it depends upon the size and structure of your organization.



### SCENIC VIEW: GETTING IT DONE AND HAVING FUN

**EVERY DEVELOPMENT PLAN NEEDS A LEADER.** Actually, it needs a cheerleader. This is the person who says, “We will be successful!” He or she needs to be relentlessly optimistic. This invincible spirit inspires everyone to do the planned work.

**EVERY DEVELOPMENT PLAN NEEDS A MANAGER.** The manager of the plan is the person who updates the development calendar, prepares the “to do” lists, checks off the accomplished action steps, and makes sure record keeping systems are well-oiled. The first and foremost priority of this person is fundraising. This person is a role-model and a great volunteer manager.

**THE LEADER AND THE MANAGER CAN BE TWO DIFFERENT PEOPLE!** Together, they present to staff and board a very brief monthly progress report and a list of the major tasks for the upcoming month. Together, they ensure that fundraising goals are met and that a healthy development program supports fundraising.



**Travel Tip** Give each staff and board member a colorful folder with pockets labeled: “Next year’s development plan.” Ask them to save notes or clippings about potential donors, successful events, or new donor cultivation ideas. They could file pieces of direct mail they think might work well for your group. Even ask them to include their reactions to the fundraising activities your group has traditionally undertaken.

## SEVEN STEPS TO A DEVELOPMENT PLAN

- 1.** Take a look at where your organization is now.  
Why are you raising money? How are you raising money? Are you raising money?
- 2.** Know how much your organization earned, spent and raised last year.
- 3.** Figure out what sustained efforts are needed to achieve long-term financial stability for your organization.
- 4.** Calculate how much money you need to raise to meet your operating budget.
- 5.** Decide how you will raise that money.
- 6.** Determine the resources you need to fundraise.
- 7.** Let everyone know when the work will be done.

STEP	YOU WILL NEED	YOUR DEVELOPMENT PLAN
 1 Assess your current position	Innies and Outies Worksheet Funding Sources Worksheet	Statement of Purpose
 2 Gather data from the previous year	Putting It All Together	
 3 Set strategic goals	Innies and Outies Worksheet Your Pie Your Pyramid	Strategic Goals
 4 Set fundraising goal	Organizational Budget	Fundraising Goal
 5 Plan appeals	Fundraising Toolchest Gift Range Chart	Cash Flow Projection Spreadsheet of Appeals
 6 Set operational goals	Spreadsheet of Appeals Innies and Outies Worksheet	Operational Goals
 7 Create a calendar	Calendar	Calendar



## ASSESS YOUR CURRENT POSITION

### WHY RAISE MONEY?

Why do you raise money?

Your answer might be “Um? To keep the lights on and the doors open?”

But think about it for a minute. Is keeping the lights on your organization’s mission? Probably not, unless your mission is to provide low-cost, emissions-free electrical power. Every penny that your organization raises supports the realization of a very important mission, whether it’s ensuring that all children are adequately fed or putting on a lesbian film festival.

A strange and beautiful thing happens when the people involved in fundraising activities can see how every envelope stuffing party, every database report, every thank you note, every personal solicitation supports the mission of your organization. They become more enthusiastic about the work and fundraising becomes “fun”raising!



## INTRODUCING...THE TWO-SPIRIT YOUTH CENTER

Two-Spirit raises money to pay for: the rent and utilities on their building, salary for their staff, office supplies, insurance, and program materials.

Can you tell from that laundry list that Two-Spirit provides a safe place for transgender and intersex youth to hang out and to access educational and counseling opportunities?

The real reason Two-Spirit raises money is to support its services to youth who are ignored, marginalized, or excluded by other agencies. All the people who do the work of fundraising are focused on the reason for that hard work. That's because its development plan has a statement of purpose, written right on the first page:

“The 2004 Development Plan for Two-Spirit Youth Center enables all of us to gather the resources to serve transgender and intersex youth, now and in the future.”



## **YOUR DEVELOPMENT PLAN**

The Statement of Purpose for our development plan is...

Four vertical dashed lines for writing.





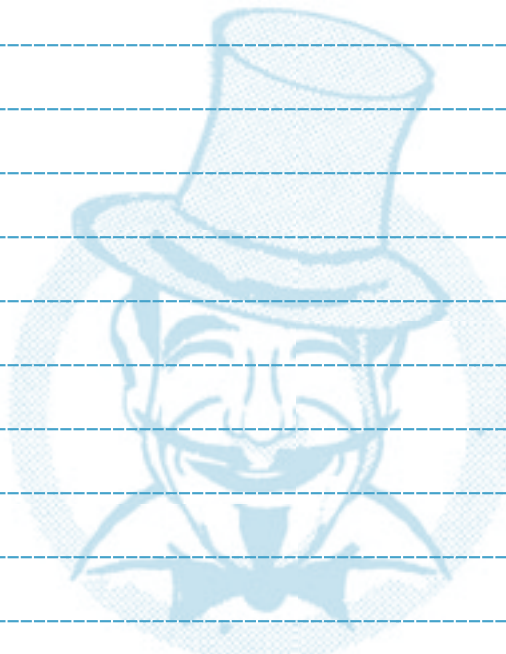
## SUCCESSES AND FAILURES

Success only seems accidental. By thinking about what we do well and why we do well, we can plan to succeed.

Sometimes, we fall victim to “That’s The Way We’ve Always Done It” thinking, and repeat our mistakes without ever realizing they’re mistakes.

### WHAT WERE OUR GREATEST SUCCESSSES LAST YEAR?

### WHAT WERE OUR GREATEST FAILURES?



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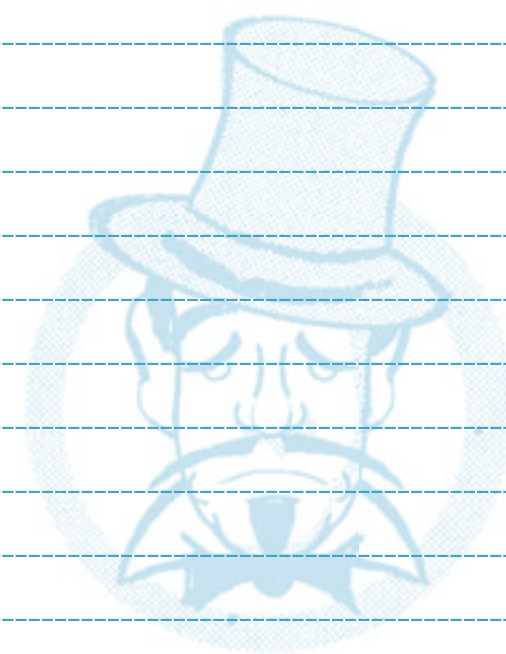
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- Did a mailing you sent out bring in the expected number of new gifts?
- Was your annual report on time and under budget?
- Did your volunteers want to come back for more?
- Did you de-dupe your database on schedule?

- Did many of your board members “forget” to make a gift to your organization?
- Were checks deposited monthly, rather than weekly or daily?
- Was your fundraising event a “fund-loser?”





## DO TRY THIS AT HOME!

After each event or appeal, send a simple survey to the staff, board, and volunteers involved. You can also solicit feedback from select supporters and even from the vendors with whom you worked. Ask them:

### WHAT RESOURCES THEY USED (OR NEEDED)

Time

Volunteers

Materials

Information

### HOW THEY WOULD RATE THE APPEAL OR EVENT, ON A SCALE OF 1-5

Cost-effective

Educational

Fun

### IF THEY HAVE ANY RECOMMENDATIONS FOR NEXT TIME

Compile notes and suggestions and put them in your “next year’s development plan” folder. Use this feedback to improve activities you want to repeat and to decide which appeals you should send to the “graveyard of fundraising.”



## INTERNAL AND EXTERNAL FACTORS THAT AFFECT FUNDRAISING

### INNIES

- We follow a fabulous strategic plan.
- We made a five year plan six years ago.
- Our board is great about asking people for money.
- Five board members haven't given a single gift to the organization.
- We have a dedicated corps of volunteers.
- The board chair is a creep.
- No one knows the password to the database.
- We've somehow always raised enough money to meet our expenses.
- The ED took a salary cut so we could pay staff last month.
- Our new building has lots of space for programs and administration.
- The development office is a coat closet.
- We have five or six major donors.
- We lose money on every mailing.
- We get lots of money from grants.
- We have an endowment.
- We have no time to raise money.

### OUTIES

- The stock market tanked last year.
- We operate in a rural community.
- Another group is planning a queer marathon.
- Donors are suspicious because of local and national charity scandals.
- We are the darling of the local nonprofit community.
- It always rains on the day of our Garden Gala.
- Fred Phelps is planning a little visit.
- The newspaper is cutting back on media sponsorships.
- The state highway commission announced plans for a new freeway, right by our building.



## COLLECT DATA FROM PREVIOUS YEAR

YOU NEED TO KNOW HOW MUCH YOUR ORGANIZATION SPENT,  
AND HOW MUCH YOUR ORGANIZATION EARNED.

You'll need last year's Statement of Activities that reflect month-to-month income and expenses.

Here's Two-Spirit's:

<b>Two-Spirit Youth Center</b>	
Statement of Activities	
Fiscal Year 2003 (January - December)	
<b>Expenses</b>	
Salaries/Benefits	110,250
Consultant Fees	9,750
Office Supplies	10,000
Postage	3,000
Telephone	20,000
Insurance	12,000
Computer Support	5,000
Rent	12,000
Communications/Marketing	18,000
<b>Total Expenses</b>	<b>200,000</b>
<b>Income</b>	
<i>Earned Income</i>	
T-shirt & Bumper Sticker Sales	5,000
Office Rent	20,000
<i>Fundraising Income</i>	
Direct Mail	20,000
Telemarketing	10,000
Special Events	30,000
Grants	55,000
Corporate Support	10,000
Major Donors	30,000
Planned Giving	20,000
In-Kind Gifts	10,000
<b>Total Income</b>	<b>210,000</b>

### To find out more...

Steven Berger, "Learning to Read Financial Statements." *The Grantsmanship Center Magazine*, Summer 2003.  
Andrew Lang, CPA with Laurie A. Rocha, CPA, *How to Read NonProfit Financial Statements*. Washington, DC: American Society of Association Executives, 2000.

These are great introductions to the principles of nonprofit finance. You could use them as a discussion starter with board and staff members who may not be savvy about, who may in fact be terrorized by, financial statements.

John Paul Daisner, *Self-Help Accounting: A Guide for the Volunteer Treasurer*. Second Edition, Energize, 2003.

A great help for all-volunteer organizations with budgets under \$100,000. (Sound like any group you know?)



## YOU NEED TO KNOW HOW MUCH IT COST YOUR ORGANIZATION TO RAISE MONEY LAST YEAR.

Gather any records you have of fundraising costs for the previous year.

(We did warn you that your first development plan was going to be more time-intensive. Now you know why...)

Two-Spirit's fundraising costs looked like this:

Method	Total Raised	Fundraising Costs	Total to Programs and Services
Direct Mail	20,000	16,000	4,000
Telemarketing	10,000	1,000	9,000
Special Events	30,000	7,500	22,500
Grants			
Gill Foundation	20,000	3,000	17,000
Smith Foundation	35,000	5,250	29,750
Corporate Support	10,000	1,500	8,500
Major Donors	30,000	3,000	27,000
Planned Giving	20,000	1,000	19,000
<b>TOTALS</b>	<b>175,000</b>	<b>38,250</b>	<b>136,750</b>



# RULES OF THE ROAD

**START KEEPING TRACK TODAY!**

**Your first development plan may have to rest on approximate costs. If you pay careful attention to tracking how much money you're spending on fundraising the first year of the plan, you'll be way ahead of the game putting together your second development plan.**

**Your system doesn't have to be fancy-schmancy. It could be a sophisticated and specialized fundraising database. It could be a simple spreadsheet or database program. It could even be a box of 3x5 note cards. What matters is that you keep records!**

**For each appeal, you should be able to report:**

- the target donor pool for the appeal
- how much the appeal cost
- how many solicitations were made
- how many gifts were received
- the total amount raised
- the average size of gifts
- the highest gift
- the lowest gift

**Here's a sample report for a Valentine's Day direct mail appeal that asked for an additional gift:**

- Prospect pool: annual donors of 3 years or more who give \$50
- Design, printing and mailing costs: \$9,375
- 5,000 letters sent
- 750 gifts (a 15% response rate)
- Gross raised: \$37,500
- Average gift: \$50
- Biggest gift: \$100
- Smallest gift: \$10



## SCENIC VIEW: WHAT DOES IT COST TO FUNDRAISE?

John Smith receives a letter from the Committee for American Values. The letter tells him about the committee's efforts to promote parental responsibility in public education, and asks him to make a \$50.00 contribution to support the committee. Mr. Smith has heard about some high profile scandals at nonprofits and is a little skeptical. He wants to know that his gift to the Committee for American Values will directly support parents' rights.

He consults the Better Business Bureau's Wise Giving Guide at [www.give.org](http://www.give.org) and sees that it recommends that organizations make sure that 65% of an organization's total expenses support programs. Another guideline is that nonprofits should spend no more than 35% of related donations to cover the cost of fundraising.

Smith considers that all well and good, but finds that there are no clear or generally accepted guidelines that define what a program expense is. The letter from the Committee for American Values (CAV) was four pages long. It contained a brief history of CAV and highlighted the current work of the organization. Most of this direct mail piece was educational and so most of the cost of the campaign could be considered a program expense, even if the letter did ask for a contribution.

Then Smith wonders, how does the CAV—or any of the nonprofits he supports—factor salary, utilities, and paperclips into the cost of fundraising? He finds, after a lengthy Internet search, that there are no miracle answers to that question. So he calls the advancement office of the CAV and asks them how much the organization spends on fundraising, and how it calculates that figure. Ann Jones, an advancement volunteer with a fact sheet by her phone, answers Smith's questions clearly. She asks if she can send him the CAV annual report, which she says will give a vivid picture of how all CAV activities support the organization's mission.

Well, that's a very nice parable. But what can your organization do to make donors feel okay about "overhead"?

**First** Really look at your organization. Where is it in its lifecycle? Are you overly reliant on high-cost fundraising methods like events? Is your service area very large and rural, which can increase the cost of cultivating donors? Is your mission controversial, which can either mean you'll have a very dedicated group of donors or that you'll spend more money on educational outreach when fundraising?

All sorts of factors affect how much it costs your organization to fundraise. Fledgling organizations typically have higher fundraising costs, since most of their efforts focus on the most expensive strategy: acquiring new donors. They may not have volunteer or staff time or experience to prepare grant proposals or conduct prospect research and have to hire outside help. They probably won't have professional development staff who can create cost-saving efficiencies in fundraising. Once an organization is well established, it can take advantage of the economy of scale at work in most fundraising methods.

**Second** Be very careful and transparent in how you record and report fundraising income and expense. Make sure your accounting systems are scrupulously maintained. As you collect more and more data, calculate your cost per gift and the return on investment for each of your appeals. Those figures may well be a better indication that your organization is lean and mean than a vaguely determined, poorly understood ratio.

**Third** Educate your donors and the community about the real costs of fundraising. Take a cue from the parable and create a quick fact sheet that fundraisers can use to demonstrate to your donors that your organization is a careful steward of their money.

### To find out more...

Patrick M. Rooney, Mark A. Hager, Thomas H. Pollack, "Giving USA Update: Research about Fundraising and Administrative Costs." AAFRC Trust For Philanthropy, 2003.

Association of Fundraising Professionals, "Factors Affecting Fundraising Costs."

**YOU'LL NEED TO KNOW WHEN REVENUE WAS REALIZED IN THE PREVIOUS YEAR.**

Your monthly Statement of Activities will contain this information. If you have fundraising software, it should be able to deliver reports for much of this information. That's one reason why integrated fundraising and accounting software is so very desirable.

You'll use this information to start planning next year's cash flow.

Here's what Two-Spirit's Fundraising Committee came up with:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Earned Income</b>												
T-shirt and Bumper Sticker Sales						1,998					2,998	
Office Rent	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667
<b>Fundraising Income</b>												
Direct Mail Campaign					10,000							10,000
Telemarketing Campaign	5,000				5,000							
Special Events						20,000						10,000
<b>Grants and Foundations</b>												
Gill Foundation					20,000							
Smith Foundation							35,000					
Corporate Grants									10,000			
Major Donors	10,000											20,000
Planned Giving									20,000			





## SCENIC VIEW: IN-KIND GIFTS

Let's be honest. Most of our organizations couldn't survive if area merchants and professionals didn't give us goods and services. In-kind gifts can be lifelines for nonprofits. And in-kind giving is attractive to businesses, too. In 2002, 30% of all corporate giving was made in the form of goods and services.

But in-kind gifts can be a nightmare when you're budgeting and reporting. If you don't include donated goods and services in your financial reports, you (and your donors) don't have a clear picture of your financial reality. On the other hand, some organizations think that including in-kind gifts paints a too rosy picture for prospective funders, one that might discourage gifts of cash. Nonsense. Donors know that in-kind gifts free up your organization's cash so that you can pay for not-likely-to-be-donated items like health insurance for your staff.

In-kind gifts must reduce a real expense for your organization to be any help. For example, your shelter spends \$2,000 every year to purchase personal hygiene products. A manufacturer donates these items. This frees up that cash for other purposes. The same principle holds true for donations of professional

services. If your Pride Gala expenses typically include \$1,500 for a party planner, and Fabulous Fêtes offers to donate the services of a planner, your budget should indicate both the reduced expense and a \$1,500 donation of professional services.

The donor, not the recipient, sets the value of a gift under \$5,000! (Gifts valued at more than \$5,000 must be appraised.) Gifts over \$500 are tax deductible only if the donor completes an IRS form 8283. In-kind gifts can carry restrictions, just like gifts of money or securities, and these restrictions should be recorded in your financial statements accordingly.

*The main thing to remember is that in-kind gifts have value, just like cash gifts. Be very wary of the "white elephant" in-kind gift. These are the gifts that turn out to have a negative value, because they can't be used or because they cost your organization real money to store or maintain.*

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### To find out more...

IRS Publication 1771 *Charitable Contributions—Substantiation and Disclosure Requirements*

IRS Publication 561 *Determining the Value of Donated Property.*



## PUTTING IT ALL TOGETHER

A snapshot of Two-Spirit's fundraising in 2003

SOURCE	AMOUNT RAISED	COST TO RAISE	MONTH (AND AMOUNT) REALIZED
Earned Income	25,000	0	Jan-May 1,667/mo June 3,665 July-Oct. 1,667/mo Nov. 4,665 Dec. 1,667
Grants	55,000	8,250	May 20,000 July 35,000
Corporate Support	10,000	1,500	Sept. 10,000
Federated Campaigns			
Direct Mail	20,000	16,000	May 10,000 Dec. 10,000
Sustainers			
On-Line			
Events (Including event sponsorships)	30,000	7,500	June 20,000 Dec. 10,000
Telemarketing	10,000	1,000	Jan. 5,000 May 5,000
Unsolicited			
Major Gifts	30,000	3,000	Jan. 10,000 Dec. 20,000
Memberships			
In-house			
Planned Giving	20,000	1,000	September 20,000
In-kind Goods & Services	10,000	0	June, July, Dec.

## PUTTING IT ALL TOGETHER

SOURCE	AMOUNT RAISED	COST TO RAISE	MONTH (AND AMOUNT) REALIZED
Earned Income			
Grants			
Corporate Support			
Federated Campaigns			
Direct Mail			
Sustainers			
On-Line			
Events (including event sponsorship)			
Telemarketing			
Unsolicited			
Major Gifts			
Memberships			
In-house			
Planned Giving			
In-kind Goods & Services			



## DETERMINE STRATEGIC GOALS

Remember that your development plan supports not simply your fundraising for next year, but guides all the things you need to do to bring in resources for your organization in the next few years.

To keep all eyes on that prize, your plan needs to establish goals that get you closer to that future of financial stability and fundraising efficiency.

These strategic goals state your priorities about fundraising and development. They identify the pots of gold that you want to find (also known as funding sources) and the rainbows you'll follow to get there (also known as fundraising strategies and methods).



# RULES OF THE ROAD

**Raising your organization's operating budget should always be Goal #1!**

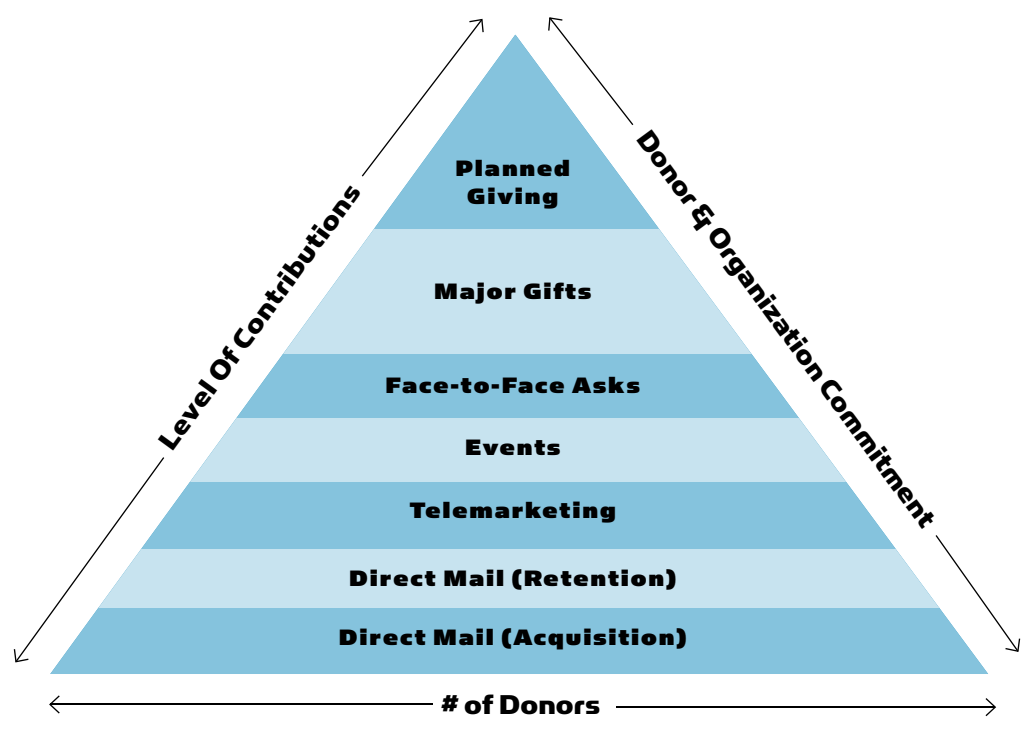


**Travel Tip** Look at your Innies and Outies. Are there internal or external issues affecting your fundraising that need to be addressed?





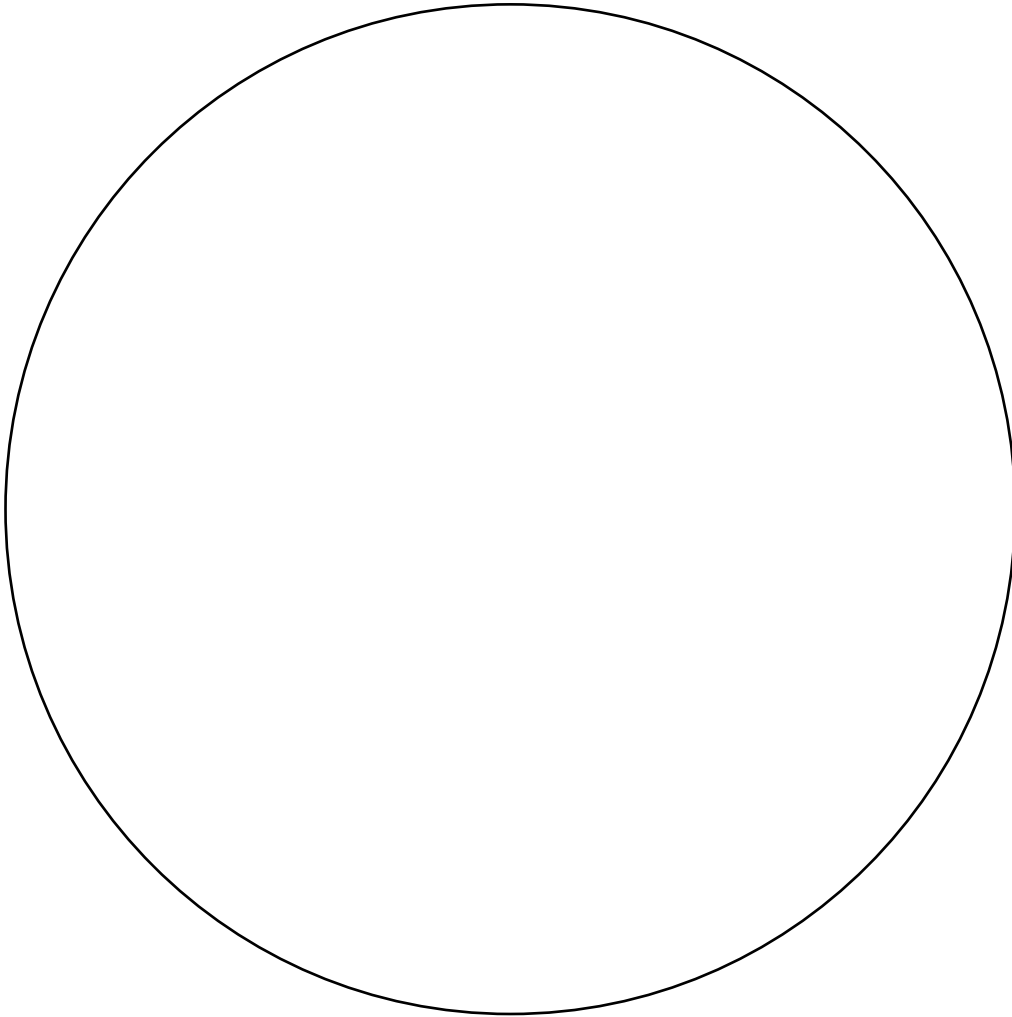
Analyze your diversification “pie” to determine if there are funding sources and fundraising methods you could be accessing, or to see if you are over-reliant on certain funding sources.



Consider the donor pyramid and think about the donors you have, or could have. Are almost all of your donors at the base of the pyramid? Who are the people you could be adding to each level?

## YOUR PIE

Color in and label "slices" that represent the percentages of your funding currently coming from events, grants, face-to-face asks, direct mail, telemarketing, and corporate support.



Top three funding sources or methods to explore or increase:

- 1.
- 2.
- 3.

*Because planned giving shouldn't be included in annual giving, don't put it in your pie.*

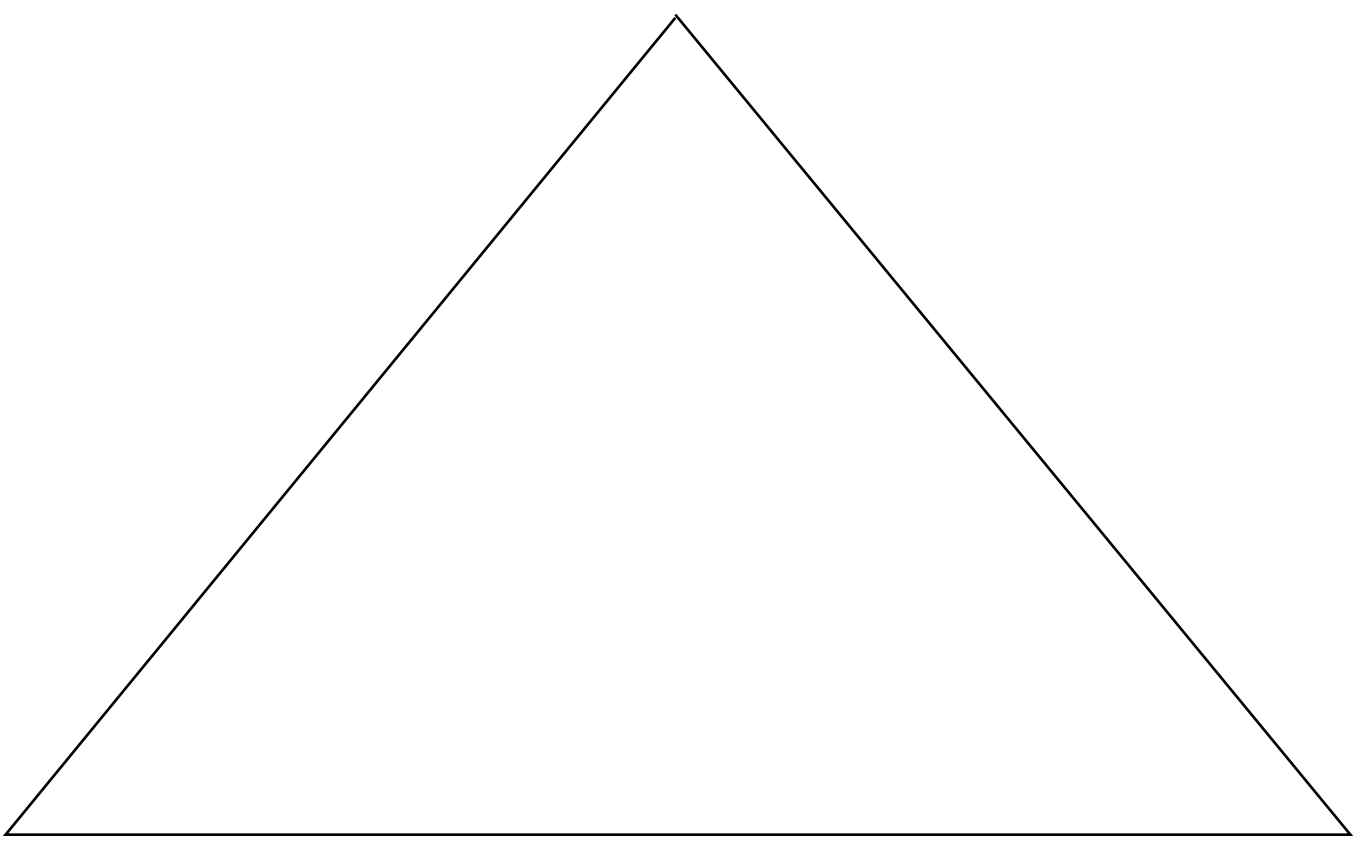
*But if you're not exploring it as a funding source, you should be!*



### YOUR PYRAMID

Color in and label the levels of donors you currently have. Be proportional!

Your levels—from the bottom to the top—will be: people who give through mail, telemarketing, e-philanthropy or events, annual donors (members could be included here), major gifts, people who have made a planned gift.



Top three types of donors to bring into the organization or move up the pyramid:

- 1.
- 2.
- 3.

*Don't forget donor groups like your board members, lapsed donors, and your volunteers!*

Two-Spirit came up with these Strategic Goals

1. Raise enough money to support programs and operations
2. Increase board giving
3. Start a planned giving program

Then they created a spreadsheet to plan how to accomplish their Strategic Goals

Goal	Objective(s)	Action Steps	Ownership	Timeline	Budget Implications
Raise enough money to support programs and operations	Raise 2004 operating budget, plus 10% surplus	<ol style="list-style-type: none"> <li>1. Set budget</li> <li>2. Set goal</li> <li>3. Approve plan</li> <li>4. Implement the plan</li> </ol>	<ol style="list-style-type: none"> <li>1. Staff</li> <li>2. Staff</li> <li>3. Board</li> <li>4. Everyone!</li> </ol>	<ol style="list-style-type: none"> <li>1. Aug. 30</li> <li>2. Sept. 1</li> <li>3. Dec. Meeting</li> <li>4. FY 2004</li> </ol>	Staff time to write plan
Increase board giving	100% of members will make a gift that is a stretch for them	<ol style="list-style-type: none"> <li>1. Discuss "stretch" concept</li> <li>2. Sign commitments</li> <li>3. Acknowledge gifts</li> </ol>	<ol style="list-style-type: none"> <li>1. Chair</li> <li>2. Members</li> <li>3. Chair and Staff</li> </ol>	<ol style="list-style-type: none"> <li>1. Sept. Meeting</li> <li>2. Dec. Meeting</li> <li>3. Within two days of receipt</li> </ol>	
Start a planned giving program	Inform all donors of their ability to make a bequest	<ol style="list-style-type: none"> <li>1. Include an article in each newsletter</li> <li>2. Send a mailing to our 2,000 donors</li> </ol>	<ol style="list-style-type: none"> <li>1. Newsletter volunteer</li> <li>2. Fundraising Committee Chair</li> </ol>	<ol style="list-style-type: none"> <li>1. Quarterly</li> <li>2. May</li> </ol>	Cost of simple mailing to 2,000

## YOUR DEVELOPMENT PLAN

- 1.
- 2.
- 3.

Goal	Objective(s)	Action Steps	Ownership	Timeline	Budget Implications



## SET YOUR FUNDRAISING GOAL

Your mission drives your programs. Your programs drive your budget. Your budget drives your fundraising goal.

### WHAT ARE OUR TOTAL EXPENSES?

No organization should plan for a major increase in donated income unless there is a major—and rational— increase in operating expenses. Did your rent skyrocket? Do you have any new programs? Similarly, take into account any decreases in expenses. Did the price of postage miraculously drop? Did you cut a staff position (oh no!)?

### HAVE WE PLANNED A 10% SURPLUS?

Contrary to popular myth, funders and donors do not turn green when they see a modest surplus in your development plan, budget, or annual report. Au contraire, it is a very good indicator that your organization is financially stable and well-managed. And that's the kind of organization we all want to invest in.

### WHAT IS OUR EARNED INCOME?

Do you receive revenue from fees, sales, or rents?

**The difference between your expenses (plus a 10% surplus) and earned income is your fundraising goal!**

Here's how Two-Spirit reached its fundraising goal:

Projected Operating Expenses	\$200,000
+ 10% Surplus	\$20,000
	\$220,000
- Earned Income	\$25,000
<b>FUNDRAISING GOAL</b>	<b>\$195,000</b>





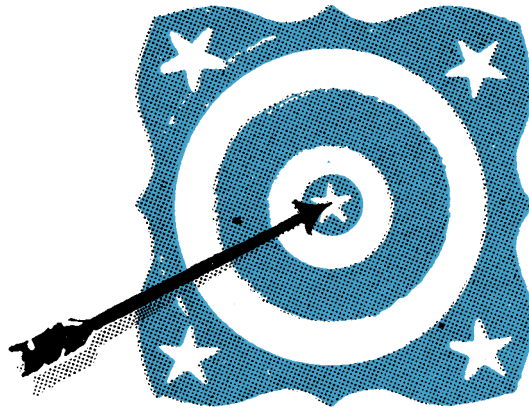
**YOUR DEVELOPMENT PLAN**

Operating Expenses \_\_\_\_\_

Add 10% Surplus \_\_\_\_\_

Subtract Earned Income \_\_\_\_\_

**PRESTO! YOUR FUNDRAISING GOAL** \_\_\_\_\_



**FUNDRAISING GOAL**



## PLAN YOUR APPEALS

• Enter your monthly expenses on the left side of the Cash Flow Projection

Enter your earned income on the Cash Flow Projection

Determine which appeals you will repeat, and enter costs, the total amount raised, and the total amount that will go to programs and services on the right side of the Cash Flow Projection

Identify your "cash crunches"

Rearrange your repeat appeals and schedule your new ones to ensure that your income is sufficient to meet your monthly expenses

Chart your appeals on the Spreadsheet of Appeals





**Travel Tip** You can design and use any spreadsheet that works for you, or you can use the development plan spreadsheet of appeals. You might find the Toolbox on pages 40-41 helpful.

You will want to have columns for:

- Appeal
- Action Steps
- Owner for each Action Step
- Deadline for completion
- Total amount to be raised
- Projected cost of the appeal
- Items to be tracked

Manipulate the data in the spreadsheet to create new charts. You might want to highlight all the tasks that need to be done in a certain month, or by a particular staff or board member.

Two-Spirit's Cash Flow Projection, without new appeals, looked like this:

Month	Expenses	Earned Income	Deficit	Appeal	Income from Appeal	Fundraising Costs	Net Return on Appeal	
January	16,666	1,667	14,999	1 telemarketing 2 major gifts 3	5,000 10,000	500 1,000	4,500 9,000	
February	16,666	1,667	14,999					
March	16,666	1,667	14,999					
April	16,666	1,667	14,999					
May	16,666	1,667	14,999	1 direct mail 2 telemarketing 3 Gill grant	10,000 5,000 20,000	8,000 500 3,000	2,000 4,500 17,000	
June	16,666	3,665	13,001	1 Pride event 2 3	20,000	5,000	15,000	
July	16,666	1,667	14,999					
August	16,666	1,667	14,999					
September	16,666	1,667	14,999	1 corporate support 2 3	10,000	1,500	8,500	
October	16,666	1,667	14,999					
November	16,666	4,665	12,001					
December	16,674	1,667	15,007	1 direct mail 2 holiday fête 3 major gifts	10,000 10,000 20,000	8,000 2,500 2,000	2,000 7,500 18,000	
<div style="border: 1px solid black; padding: 2px;">20,000 (10% surplus)</div>				<b>FUNDRAISING GOAL</b>				
Total Expenses		Total Earned Income	Total Deficit	<b>\$195,000</b>		Total Costs	Total Net Return	
		\$25,000	\$175,000					

## YOUR DEVELOPMENT PLAN

	Expenses	Earned Income	Deficit	Appeal			Income from Appeal	Fundraising Costs	Net Return on Appeal
				1	2	3			
January									
February									
March									
April									
May									
June									
July									
August									
September									
October									
November									
December									
	(10% surplus)			FUNDRAISING GOAL					
	Total Expenses	Total Earned Income	Total Deficit				Total Income	Total Costs	Total Net Return

# CASH FLOW PROJECTION



One of Two-Spirit's charted appeals looked like this:

APPEAL	ACTION STEPS	OWNERSHIP	WHEN	AMOUNT RAISED	COST TO RAISE	ITEMS TO TRACK
Direct Mail Appeal	1. De-dupe list	Database admin	January 5	5,000	4,000	How many pieces sent
	2. Segment list	Fundraising chair	January 7			
	3. Write letter	ED	January 10			
	4. Design package	Fundraising committee	January 15			Response rate
	5. Send to mail house	Database admin	January 20			Average
	6. Process gifts	Database admin	Starting January 31			High
	7. Send thanks	Fundraising committee	2 days after receipt			Low

### YOUR DEVELOPMENT PLAN

APPEAL	ACTION STEPS	OWNERSHIP	WHEN	AMOUNT RAISED	COST TO RAISE	ITEMS TO TRACK



## TOOLBOX FOR PLANNING APPEALS:

### HOW MANY PEOPLE WILL WE HAVE TO ASK DURING EACH APPEAL?

Prospects: Donors	Method
2:1	PLANNED GIVING
4:1	FACE-TO-FACE ASKS
8:1	GRANTS/CORPORATIONS
4:1	EVENT SPONSORSHIPS
4:1	FUNDRAISING EVENTS
10:1	TELEMARKETING/DIRECT MAIL (RETENTION)
100:1	TELEMARKETING/DIRECT MAIL (ACQUISITION)

### HOW MUCH TIME WILL IT TAKE?

The number of volunteer and staff hours you need during an appeal is based on the number of prospects.

#### **4 hours of volunteer time per prospect**

#### **2 hours of staff time per prospect**

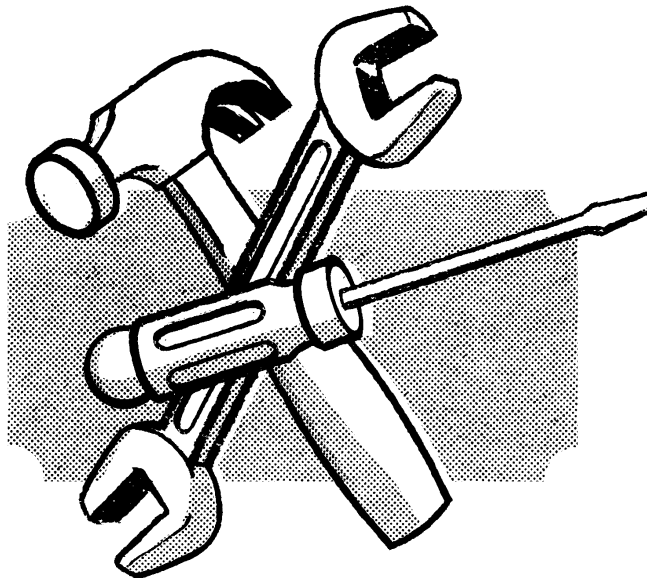
This is a rough estimate, just to help you plan. For example, organizing an event requires many more people hours than writing a grant proposal. If you spend a little effort tracking how much staff and volunteer time you spend on each appeal, you'll have a much easier time planning next time around!

## IT TAKES MONEY TO MAKE MONEY.

Method	Cost Per \$1.00 Raised
PLANNED GIVING	.05
FACE-TO-FACE ASKS	.10-.20
SPONSORSHIP	.20
GRANTS	.20
EVENTS (including event sponsorships)	.50
TELEMARKETING	.10-.20
DIRECT MAIL (RETENTION)	.20-.25
DIRECT MAIL (ACQUISITION)	1.25-1.50

**To find out more...**

Octavia Morgan, "Creating A Budget for Fundraising." *Grassroots Fundraising Journal*. V. 22, #3, May/June 2003.



### WHO DO WE ASK FOR WHAT?

For a face-to-face campaign, you'll want to have a gift range chart so you know how many people you'll need to ask for certain amounts. Gift range charts can vary from campaign to campaign and from organization to organization. Here's a fairly typical example for a \$60,000 campaign:

Number of Prospects	Number of Gifts	Size of Gifts	Cumulative Total
4	1	\$10,000	\$10,000
8	2	\$5,000	\$20,000
16	4	\$2,500	\$30,000
32	8	\$1,250	\$40,000
64	16	\$625	\$50,000
128	32	\$312.50	\$60,000

### DO TRY THIS AT HOME!

Create a Gift Range Chart for your face-to-face campaign

We will raise this much money: \_\_\_\_\_

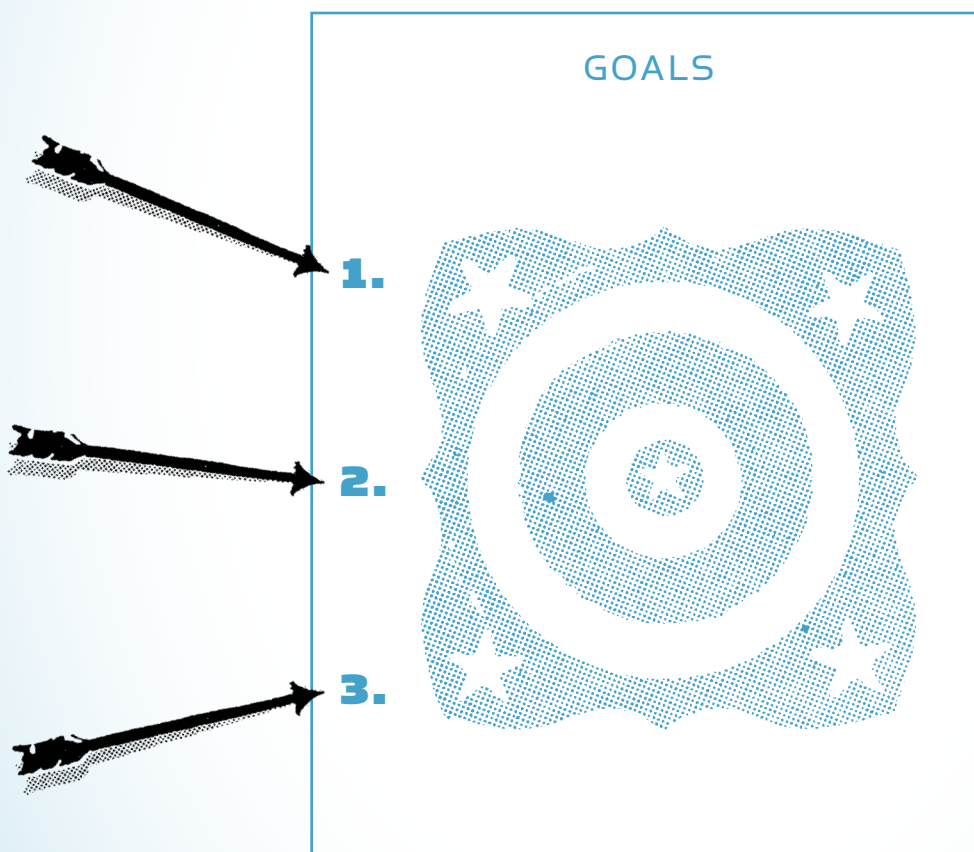
Size of Gift	Number of Gifts	Number of Prospects	Total



## SET OPERATIONAL GOALS

Use your analysis of internal and external factors, your strategic goals, and those issues that crop up in planning your appeals to establish operational goals for your plan.

These goals address the systems and structures that support fundraising in your organization. Select only three or four, or fewer if reaching the objectives dictated by the goals will be time and resource intensive.





Two-Spirit stated two operational goals in their plan, since the first one was ambitious.

**Goal 1:** Improve ability to track donations, generate the needed reports, and integrate fundraising and accounting

**Goal 2:** Be ready to implement planned giving program

Goal	Objective(s)	Action Steps	Ownership	Timeline	Budget Implications
Improve ability to track fundraising success	<ol style="list-style-type: none"> <li>1. Purchase fundraising software</li> <li>2. Promote database administrator to full-time position</li> <li>3. Analyze reports monthly</li> </ol>	<ol style="list-style-type: none"> <li>1. Research possible options and purchase</li> <li>2. Approve additional salary</li> <li>3. Generate reports</li> </ol>	<ol style="list-style-type: none"> <li>1. Database administrator and ED</li> <li>2. ED</li> <li>3. Database administrator</li> </ol>	<p>January 31</p> <p>January 1</p> <p>March 1</p>	<p>Possibly \$5,000, plus annual contract for technical support</p> <p>\$15,000 increase in salary</p>
Have systems in place to receive planned gifts	<ol style="list-style-type: none"> <li>Adopt gift acceptance policy</li> </ol>	<ol style="list-style-type: none"> <li>1. Study similar policies</li> <li>2. Draft a policy</li> <li>3. Adopt policy</li> </ol>	<ol style="list-style-type: none"> <li>1. Fundraising Committee</li> <li>2. FR Chair</li> <li>3. Board</li> </ol>	<p>January 31</p> <p>February 15</p> <p>March 1</p>	Free!



## YOUR DEVELOPMENT PLAN

- 1.
- 2.
- 3.

Goal	Objective(s)	Action Steps	Ownership	Timeline	Budget Implications





## CREATE A CALENDAR

First, plot holidays and other events that will affect fundraising.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3 board meeting	4	5	6	7
8	9	10	11	12	13	14
15 Mother's Day	16	17	18	19	20	21 LAMBDA Ball
22	23	24	25	26	27	28
29	30	31				

Next, plot fundraising activities by transferring information from Spreadsheet of Appeals.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 draft invite	3 board meeting	4 segment invite list	5	6 proof invites get stamps	7
8	9 invites back	10 addressing party	11 drop invites	12 finish draft of Gill report	13 calls to special friends	14
15 Mother's Day	16	17 Gill grant report due	18	19	20 remind: event roles	21 LAMBDA Ball
22	23	24	25	26	27 final #s to caterer	28
29 Two-Spirit Film Fest	30	31				





### Transfer action steps for Strategic and Operational Goals to Calendar.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 draft invite	3 board meeting GAP adopted	4 segment invite list	5	6 proof invites get stamps	7
8	9 invites back	10 addressing party	11 drop invites	12 finish draft of Gill report	13 calls to special friends	14
15 Mother's Day	16 copy on planned giving due	17 Gill grant report due	18	19	20 remind: event roles	21 LAMBDA Ball
22	23	24	25	26	27 final #'s to caterer	28
29 Two-Spirit Film Fest	30	31 monthly DP review				

Once you've got everything up on a GREAT BIG CALENDAR, you can see where activities are "clumping" more easily than you can on the spreadsheets. Add, subtract or rearrange activities to make best use of time and people.



# RULES OF THE ROAD

**Make sure "review development plan"  
is on the calendar every month!**



**YOUR DEVELOPMENT PLAN**

Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday			
Saturday			





## SOURCES

Kim Klein, *Fundraising for Social Change*, 4th Ed.  
San Francisco: Chardon Press, 2003.

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