

## The August Doldrums

In August many organizations go into a holding pattern, waiting for September and the revitalization of fall. Even though the calendar year begins in January, for many of us, September also feels like the beginning of a year. Also, in many parts of the country, the weather reaches the height of its humid heat in August, making every movement a supreme effort.

Fundraising plans often suffer the fate of being put off or put on the back burner during this time. Because of vacation schedules, Boards of Directors don't meet in August, committees take the month off, and newsletters aren't published. Traditionally, August is a slow month for bringing in money, too.

But, for those hardy people who pull together their last strength, sit with glasses of some chilled refreshment, lots of scratch paper, and plot out their fall schedule, August is a month to get a head start on fall fundraising.

Take advantage of August. Use it to firm up plans you already have, to fill in details on hazy outlines, and to evaluate your fundraising successes and failures up to this point, three-quarters of the way through the calendar year.

The following are some tips that are useful for planning in August (of course, they can be used anytime).

- 1) Get or prepare a thorough financial report on your organization. Look at your income critically, and see exactly where you are in relation to your goals. (If you haven't set goals, now would be a good time to do so.) With the help of your fundraising committee, discuss in detail why you are ahead, behind or on target in the various fundraising strategies you are using. Remember, it is as important to know why something succeeds as why it doesn't.
- 2) Take sheets of butcher paper and put one up for each month of the fall (September–December). List each of your fundraising areas

on each sheet, and under each area list what you are going to do in each month for those areas.

- 3) Evaluate. Seeing all your plans in one place may help you realize that it is not realistic to have the jog-a-thon on the same day as the spaghetti feast, two days after your 3,000-piece mailing. Also, opportunities to do more fundraising may become apparent. For example, by delaying your raffle drawing for two months you could take advantage of the country fair where your group will have a table anyway, and you can sell lots of tickets there.

Resist the temptation to list something, then draw a line across all the months, with the word "ongoing" above it. "Ongoing" often

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means "too boring to think about" (e.g. T-shirt sales) or "We don't really know how to do it" (e.g. major gifts program).

Examine those parts of the plan that seem the least clear, and try to identify what the problems are. Maybe you don't really know how to set up a major gifts program, but you have heard that you *should* do it, so you have dutifully put it on your chart. In this case, you need to leave time to learn more. There are several ways to learn more about a major gifts program. If you live near a Foundation Center collection or library, go there and skim some of the books they have on seeking large gifts. (Skim them rather than reading them in depth, because much of the information applies to very large institutions such as hospi-

# Dear Joan,

Dear Joan,

How can an organization get a major motion picture company to promote a new release as a benefit?

—Movie Buff

Dear Buff,

If you want to get the premiere of a new movie:

1) You must know what movies are being made.  
2) You must offer the studio great publicity to build audiences for the film.

3) The person in power (star, director, or producer) must want to give your group the premiere. This is the most important.

For example, the Working Women's Association got the 1980 world premiere of *Nine to Five* (net \$25,000) because the star, Jane Fonda, wanted them to have the premiere. In 1979, she gave the Cleveland premiere of *Coming Home* to Cleveland Women Working and the Ohio Public Interest Council because she knew their staff through work in the peace movement. When Fonda had the idea to make a movie about women office workers, she knew the staff and leaders of Working Women, asked their advice, and gave them the premiere.

To meet the right person, volunteer to work on any benefit in your town involving movie moguls or stars. Ask the local movie critics for advice and introductions. Ask your major donors if they invest in any productions. Ask your board of directors—you may be surprised.

Many large cities and states operate a Film Office to encourage filmmakers to bring work to their communities. Call the offices of your Mayor and Governor, ask for the Film Office, and ask what films are currently being made or scheduled for your area. The Northern Plains Resource Council got the Montana premiere of a cowboy movie because it was shot on the ranch (and featured the horses) of one of their board members.

Read the trade papers to find movies in progress on your issue. You can subscribe to *Variety* or *The Hollywood Reporter* for \$79 a year or read them at the main library, the film department at the local university, or the office of a friendly producer, director, actor, or film critic. If you read about a film you want, write the producer and ask for the premiere. Send samples of the invitation, program, financial report, and press clippings from a recent benefit to prove your group can sell tickets and get press.

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Dear Joan,

Is it true that hard liquor at cocktail parties increases fundraising potential?

—Party Planner

Dear Planner,

Hard liquor has you hooked on the horns of a dilemma facing every fundraiser. It can make asking easier now, but more difficult next time. Serving hard liquor may make it easier to get *this* donation, but if W.C. Fields sobers up the next day and discovers he gave your group much more than he planned, he will not come to the party next year and won't return your next phone call.

As the host or staff, you have to ask your planning committee to consider and resolve the conflict between two fundraising principles. 1) "The customer is always right." So if most of the people planning and attending the event prefer hard liquor, that is the right thing to serve. On the other hand, 2) "Fundraising is like shooting pool. The champions not only make every shot, they use that shot to set themselves up to make the next shot." Every new donation is considered that person's *first* donation, ideally to be followed by others. So if you choose to serve hard liquor because that is what your crowd wants, ask for money *early* in the party. Then assign a team of volunteers to make follow-up thank-you phone calls the next day to make sure every donor still feels good about his/her gift and your group.

Remember, there are always many people who can't or shouldn't drink hard liquor, including recovering alcoholics, anyone under the legal drinking age, serious athletes and dieters, people with diabetes or other medical problems, people with religious convictions against drinking, and anyone who has to drive home. Many of the people who won't drink *will* give money to support your organization, so remember to offer something they will like, too.

Joan Flanagan is the author of the new *Grass Roots Fundraising Book* (1982) and *The Successful Volunteer Organization* (1981), both from Contemporary Books and available through your bookstore.

Questions for the column should be sent to the *Grassroots Fundraising Journal* marked "Attention: Joan Flanagan." Ms. Flanagan regrets that she cannot answer each question individually.

The views expressed in this column are not necessarily the views of the publishers or other contributors to the *Grassroots Fundraising Journal*.

## The August Doldrums

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tals and universities, but the principles are transferable.) Think about whether you know any groups with budgets about your size that seem to have successful individual donor programs. If so, take the fundraising coordinator, the executive director, or fundraising committee chairperson out to lunch and ask how the organization did it, and especially where they started. See if your organization has any people giving \$50 or more now, and, if possible, visit them and ask for their help in recruiting more donors at that level, or higher. If you have some extra funds, consider hiring a consultant to help you set up a systematic major gifts program, or just to discuss the basics with you so that you can set one up yourself. Be sure to allow for the time it takes to do all these things.

- 4) New ideas are important to plug into your calendar. It is often difficult to think of new things. Everything seems tried, hackneyed and overdone. People often seem tired and "fundraised out." Fortunately, things are not what they seem, and a brainstorming session may turn up two or three new things you could try this fall. It is particularly important to consider ideas in ALL their possible manifestations—not just the obvious. New ideas some groups are trying are:

- Producing a new piece of literature for sale
  - Establishing fees for service
  - Developing new products for sale, such as Christmas or Hanukkah cards; specially designed, limited edition posters; home-made jams and jellies (watch sales tax and health regulations on this one), etc.
  - Joining with a similar group or groups in marketing literature or any other items for sale through the joint publication (and shared expense) of a catalogue or descriptive brochure
    - Offering new and better premiums for membership
    - House meetings for education and outreach, with fundraising as a sideline
    - Canvassing
    - Expanding the Board; training the Board; encouraging the Board
    - Developing more effective distribution

forms for your literature, membership forms, etc. Is mail the only method of seeking new members? It shouldn't be. Put literature in waiting rooms, bookstores, distribute at street fairs, or benefits, as appropriate to your issue. Put out the word that you exist, and that you are seeking members anywhere there are likely to be people who would be interested in your work.

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- 5) Bring in new people to help with various fundraising strategies and tasks. As you think of people, write their names down, and use August as a time to see them, involve them, and train them. Consider having a training specifically on asking for money to help people reduce their anxieties about soliciting donations, so that they are ready to go in the fall.
- 6) Finally, clean out your files in August. Many wise people have observed that more than half of the items in our files are useless, and will never be needed again. Get rid of these items. Open up space for new ideas and information. Also, you may discover that you have the report you need, the book on deferred giving you've been wanting to read, or a list of people to see that you misplaced.

### Summary

The point of detailed planning in August is to get ready for what is traditionally the best season for fundraising, to make sure you are making maximum use of your resources, and to free you from having to do this extensive planning (which you might not get around to anyway) once fall is underway.

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—KK

# Twenty Words That Sell

you, yours, save, free, sale, new,  
thankyou, thank you, thank you,  
bargain, guaranteed, inexpensive,  
thankyou, thankyou, thankyou,  
extra, ultra, easy, dividends,  
thankyou, thankyou, thankyou,

improved, buy now, pay later,  
thank you, thank you, thankyou  
quality, service, safe, greater  
thankyou, thankyou, thankyou  
value, it works, recommended  
thankyou, thankyou, thankyou  
thanks, thanks, thanks, thanks.

Most fundraisers know, even though they may be reluctant to admit it, that successful fundraising is, in large part, selling. Our donors are our 'consumers.' They 'buy' our 'product,' which is our organization and its programs. In some cases, donors actually 'buy' buildings, new wings on existing buildings, or other physical things. Donors deserve the same sense of satisfaction that people get when purchasing a quality item at a good price. Gift solicitors need to be as pleasant, honest and straightforward as good salespeople. Our organizations should not be oversold, and prospects should not be told things that are exaggerated or untrue, no matter how tempting that may be. On the other hand, using simple sales techniques allows us to make the organization sound as appealing to the prospect as it really is. Most social change organizations undersell themselves. They do not present themselves in the most attractive way, and consequently do not attract all the people who would be interested and committed to them.

The purpose of this article is to look briefly at the language of selling by examining the twenty words most frequently used in successful commercials. In some cases the word itself will be useful, in others the word may be inappropriate, but the concept will be useful. The use of these words will vary from group to group, and strategy to strategy, but they are useful to know as you promote the work of your organization.

These twenty words are not presented in any particular order. They are taken from a large survey of successful ads in print, on radio and TV, and on

billboards. Each word is followed by a suggestion as to how non-profits might incorporate it.

1) **You, yours:** Everyone loves to hear about themselves. The use of these words gives the impression that a person is being personally addressed or referred to.

2) **Save:** Most people want to save time, money, steps, work, or something. Non-profits save lives, rights, wilderness, etc. These savings should be tied to the prospects. "How does it benefit me to save this historic monument?" "Why should it be important to me to keep abortion safe and legal, when I will never need an abortion?"

3) **Free:** Non-profits can use this selling word. Offer "free information," a "free T-shirt with a gift of \$35 or more," "free book if you join before August 15."

4) **Sale:** This word can be used in many special events. Garage sales can advertise, "Priced to move—everything on sale." Raffle tickets can be "On sale at your local feminist bookstore." From time to time, try putting your literature on sale to celebrate Christmas, your seventh anniversary, or Labor Day.

5) **New:** People don't want old, hackneyed, could-get-it-anywhere products. Nor do they respond to non-profits who are boring. So, how about a supplement to your newsletter that is "New from Tenants' Rights," or a classified ad, "New information on the effects of aspirin discovered by People For Drug Free Lives, \$1.50 post-paid"?

6) **Bargain:** Here is a word which may be hard to

use, but is important as a concept. Your members should think that the price they pay to belong is very little compared to the work you do, or that your budget is very low for the amount of effect your group has.

7) **Guaranteed:** A word we rarely associate with non-profits. However, groups who have used this word to encourage subscriptions, memberships, or selling literature have found that it increases people's responsiveness. When something is *guaranteed* it gives a person the freedom to invest without worrying whether he/she will regret the purchase. "Guaranteed or money back" is a way of saying that your organization puts its money where its mouth is. In actual fact, almost no one will write for their money back, even if they are dissatisfied with the product.

8) **Inexpensive:** Like "bargain," this word is more useful as a concept, and could be used in the same way. However, don't overlook it for selling Christmas or Hanukah cards, T-shirts, buttons, etc. Also, always use *inexpensive* rather than "cheap," which connotes shoddy and poorly made.

9) **Extra or Ultra:** These words are used two ways in advertising: one is to get people to buy a product by including an extra knife, razor blade, etc.; the other is to advertise *extra-strength* or *ultra-smooth*. Used carefully and sparingly, these words could promote special events and advertise membership premiums.

10) **Easy:** Groups that sell solar water heaters, educational toys for children, manuals describing how to sue your landlord, or organize your neighborhood, need to make their products seem easy to use, easy to read, or easy to assemble.

11) **Dividends:** Comfort, convenience, health and safety are what people want from their queen-size mattresses or electric can openers. Non-profits work toward these ends and many others in much deeper ways. Dividends "pay off." A "small investment" may have a "high yield." Using this concept, groups might consider forming Dividend Clubs as a membership device to stress that people are buying "stock" which will pay dividends of peace, freedom, or security when they invest in nuclear-free futures, in safe and legal abortion, or in environmental protection.

12) **Improved:** If you reprint a pamphlet or book, stress this word. If you make a change in your newsletter so that it is now typeset, rather than just typed, or printed instead of mimeoed, then call attention to it by using the word "improved." Com-

bine this word with others, so a self-breast exam pamphlet is "New, improved, easy to read."

13) **Buy now, pay later:** This concept, if not the words, are the basic idea behind a pledge program. (See also in our June issue, 'The Lord Loveth A Cheerful Giver').

14) **Recommended:** Any time you quote a famous person or an expert talking about your organization, you are using the concept of being recommended by that person. Some groups have a sheet of paper which they include with membership mailings with quotes from famous people, people with initials after their name, and people whose lives were changes as a result of thier work. It says, "Here's what they're saying about Save the Seedlings" across the top. Some of the people quoted may be identified; others merely say, "Your group is the greatest" . . . Jane X, Dayton, OH.

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### *People tend to believe affirmative statements that sound reasonable.*

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15) **Quality:** This is an easy one to stress for most groups, and can be worked in without much effort. (Interestingly, studies have shown that "high quality" sells better than "low price.")

16) **Service:** This word is one in use now to describe non-profits' work, particularly by organizations that provide direct service. Service is a selfless, altruistic word. It is good to know that it also sells.

17) **Safe:** If appropriate, this word is a good one to attach to a call for action, such as "Safe ways to avoid paying taxes to the military." Like *easy*, it is used to reassure people.

18) **Greater Value:** Again, a phrase that can easily be incorporated into your promotional materials. Twenty acres of virgin forest is of greater value than the proposed shopping mall.

19) **It works:** This slogan is being used at the end of many commercials, and is effective. Recently a union began using it in a television ad, "It works for all of us." People tend to believe affirmative statements that sound reasonable. Take advantage of this willingness to believe by affirming your programs as strategies that work.

20) **Thanks:** This word is probably the most important word in the non-profit dictionary. Just try to use it too often. It is probably not possible. \$

—KK

# Profile of a Major Donor

This donor is in her early seventies. She lives in an exclusive suburb in a small town in Northern California. She is active as a volunteer and Board member in a number of non-profits. Born in Germany, she left with her husband at the beginning of the Hitler era. Although Jewish by birth, her parents were highly assimilated into the predominantly Protestant culture, and this donor attended Protestant Sunday schools as a child and teenager. Now, however, she is very active in a synagogue.

Giving was not a tradition in her family, and was not a custom of hers until a few years ago. Her husband, a successful businessman who is now deceased, was a very generous and philanthropic person, and she learned the importance of giving both time and money from him. "I was really a stingy person who has come a long way to being a generous person only recently," she says.

In order to know how much she has to give away, this donor maintains two checking accounts. One is for her day-to-day expenses, and one is used for all tax-deductible items, including donations, medical expenses and the like. She deposits a dividend check into that account every month. From time to time that account runs out, and she deposits more money. Her very large donations are not paid from this account.

She makes two types of donations: a few gifts of \$250, \$500 and up, and dozens of \$25, \$35 and \$50 gifts. She makes very few \$100 donations.

She plans who will get her largest gifts every year, and these are generally the same three groups: the Jewish Welfare Federation, her synagogue, and an art program in which she is also a teacher. Some large gifts are also given to the ACLU, Nature Conservancy, and other causes.

Her smaller gifts go primarily to civil rights, cultural, art, feminist and environmental work. She gives mostly to the same groups every year, dropping a few and taking on a few, but she has no rigid number of groups she will support. She often sends more than one donation to the same group in a year. She says, "I want to help everybody a little bit."

The fact that a donation is tax-deductible is important but not essential. She supports many political causes and candidates, and not being able to

claim a donation as a tax deduction would never stop her from giving.

Unlike many major donors, she does not do very much investigating into a group. She assumes that they are doing what they say they are. An in-depth look at all the groups she gives to would be nearly impossible.

Her mailbox is packed with direct-mail appeals—up to ten a day. While she responds to some mail appeals, the majority are thrown away unread. Further, she responds only if she knows of the group and is already committed to its work. She emphasized that she responds to far fewer direct-mail appeals now than a few years ago.

For this donor, the most important element in giving is feeling that she has freely chosen to give, and freely chosen an amount. Face-to-face solicitations and suggested specific amounts turn her off because they feel imposing. She stated that she would be less inclined to give, or she would lower the amount of her gift if someone asked her for a specific amount. Her attitude is counter to the methods many of us have been taught and have practiced (i.e., major donors want to be given a specific amount, and that in general people won't give unless asked). She is a very good example for us of the need to KNOW YOUR PROSPECT before seeking a large gift.

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Because of the feeling of imposition and inhibition of choice, she dislikes pledging. Usually, once she has decided on an amount, she wants to give it all at once. For some of her very largest gifts, she will pay in installments, but she sends in as much as she wants when she wants, and does not commit herself to a schedule of payments.

It is "absolutely unimportant" to receive benefits for her contributions. While she appreciates the need for newsletters, free books, and other benefits, she finds the plethora of ones she receives a little oppressive. She doesn't have the time or inclination to read them, and often discards them.



Technically, this person is a major donor to only a few causes, but the amount of money she gives so widely is also considerable.

Like all the donors we have profiled so far, this donor has a great deal to offer a group besides her money. She is a savvy and experienced businesswoman, an excellent manager and organizer, and she is very good in dealing with the public. She was recruited to most of her present Board and volunteer positions for these qualities, and became a donor, and then a major donor, after working with the organizations. She underscores the point that most people's largest donations will go to organizations where they are volunteers or Board members, and that the first place you need to look for gifts is among your Board, and their circle of friends and acquaintances.

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—KK

## Keypunching for Dollars

In this day and age of computerized banking, there is no reason why non-profit organizations should not take advantage of new technology to make giving easier for their donors. In fact, some groups are already doing so. They are using what is called "electronic transfer of funds."

Electronic transfer of funds is a process which can be used to have a set amount of money transferred from a donor's bank account to a non-profit agency's bank account on a regular basis. Of course, this is done with the donor's permission. The amount can be any amount, and the regularity of the transfer can be as frequent as the donor chooses.

Automatic transfers of money are not an entirely new concept in philanthropy. In a sense, they are the basis for giving through automatic payroll deductions, which is how contributions are made to the United Way and the Combined Federal Campaign. Why is it an attractive method of handling contributions? The theory is that an individual will give more regularly and give a larger amount in the end if he or she is not responsible for writing out the check. It will probably be obvious to any fundraiser who has handled a pledge campaign that the percentage of actual regular receipts of the amounts pledged will be much higher if the pledger does not have to remember to make that contribution every month or every quarter.

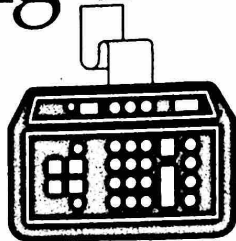
How do electronic transfers of money work? Basically, your members or contributors must send you an authorization form which includes their name, the name of their bank, their account number, and a signed statement authorizing your organization to receive whatever amount they designate at whatever regular basis they indicate. There are standard formats for these forms, and they are usually provided in triplicate so that the donor can keep a receipt, the organization can keep a receipt, and the bank can have a copy of the authorization.

Your organization must then make a computer-produced cassette or disc listing the names, bank account numbers, amounts, and frequency of the transfer for each donor. (There are computer companies where these cassettes can be made if your organization does not own a computer.) The cassette goes to your bank, which processes the transfers.

Obviously, electronic transfers of funds are not for every organization. Almost 85% of the banks in the United States are capable of processing these transfers. If your organization has a large membership or donor base and you would like to increase the number of individuals who will give quarterly or monthly rather than annually, this process is something you should look into. For more information, contact your banker.

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—LH

# Fundraising Events, Part Three: Budgeting



Any community fundraiser who has worked on fundraising events knows that, be it a concert, a dance, a raffle, a luncheon, or any other kind of extravaganza, developing a budget is an essential element in event planning. Yet there remains a great deal of misunderstanding about the basics of budgeting, including when and how to develop a budget, and how a budget can be used in the planning of events. While it is true that each kind of fundraising event involves different kinds of expenses and different sources of income, there are some basics that apply to any budgeting process. These basics are the focus of the following article.

## What Is A Budget?

This may seem like a ridiculous question to ask, but the fact is that budgets are frequently mistaken for financial statements and vice versa. Budgets are itemized estimates of predicted or projected expenses and income for a particular activity or time period. The difficulty that many people have in developing budgets is that they must deal with some unknowns. At the same time, in order for the budget to be an effective tool, it must be prepared as accurately as possible. Accuracy in projecting unknowns comes with experience. It is always a good idea to compare your final costs and income with your original budget after the event is over. At that time it is easy to see where you misestimated in your projections, and you can use that information to make future budgets more accurate.

## Why Budget?

It is useful to develop a budget for an event because a budget can be used in a number of ways in event planning. Budgets are essential in determining the viability of an event as a fundraiser. By comparing your projected costs to your projected income, you can determine whether the event can make money, and approximately how much it has the potential to make.

Budgets can also help you determine your "break point." The "break point" is the percentage of tick-

ets you must sell or the amount that people must contribute to your event to cover the costs. For example, if the cost to produce a benefit cocktail party is \$800, and admission to the event is \$10 per person, you must have 80 people attending to break even. If the room where the party is going to be held holds only 100 people, the break point is 80%, or, in other words, 80% of the tickets must be sold to cover the costs.

Knowing your break point gives you a good figure to use in gauging the viability of the event. A viable fundraising event generally has a break point of less than 60%-65%.

The break point can also be used to gauge the ongoing progress of the event, as well as to provide you with the momentum of having a goal. There are few things more exhilarating than to know that all of the projected costs have been covered by the income, two weeks in advance of the event, and that all of the income from that point forward is profit.

Additionally, a budget is the only way to keep track of the expenses related to the event as they add up. If an event producer does not use a budget, he or she will not have any idea of what is being spent on the event until after it is all over. If the producer knows a week in advance that expenses are much higher than projected, he or she will have the opportunity to either try to cut some of the costs or at least be very careful in spending during the last week. Many events have been saved by the producer realizing in advance that expenses were higher than budgeted and income lower, and using that information, has been able to ask for some fees or charges to be reduced.

If advance tickets are being sold for the event, keeping track of the income is as important as keeping track of the expenses. If an event producer realizes that tickets are not selling as well as projected, he or she will have to think about ways to better publicize the event. Again, last-minute pushes on publicity have frequently been the factor that changed a potential disaster into a big moneymaker.



### Sample budget form for a benefit concert.

Columns A, B, and C on the expense side provide room for revising the budget. The income charts provide room for determining ticket income based on having tickets at different prices and to account for all the different sources of income.

EXPENSE ITEM	A	B	C	EXPENSE ITEM	A	B	C
ARTIST: #1 _____				Artist: Travel _____			
ARTIST: #2 _____				Artist: Hotel _____			
ARTIST: #3 _____				Artist: Food _____			
ADVERTISING: _____				Artist: Car Rental _____			
Art work _____				T-shirt printing _____			
Stats _____				Program: _____			
Typesetting _____				Typesetting _____			
Posters & Flyers _____				Printing _____			
Printing & Copying _____				ASCAP & BMI _____			
Postage _____				Childcare _____			
Newspapers: _____				Production staff: _____			
_____				Salary _____			
_____				_____			
_____				Phone _____			
Radio: _____				Travel _____			
_____				Food _____			
_____				Other _____			
_____				Miscellaneous _____			
Spotlights _____				TOTAL _____			
Piano rental _____							
Piano tuner _____							
Staging _____							
Forklift _____							
Security _____							
Fire _____							
Vehicle rental _____							
HALL: _____							
Rental _____							
Percent _____							
Co-promote fee _____							
Box office charges _____							
Ticket printing _____							
Insurance _____							
Sound _____							
Lights _____							
Stagehands: _____							
Union _____							
Non-Union _____							
Catering: _____							
Food _____							
Drinks _____							

## CONCERT INCOME

TICKET PRICE	#	\$\$
_____		
_____		
_____		
_____		
<b>TOTAL TICKET</b>		
<b>ITEM</b>		
TICKETS _____		
PROGRAMS _____		
T-SHIRTS _____		
RECORDS _____		
OTHER _____		
TOTAL INCOME _____		
-expenses _____		
<b>NET INCOME</b>		

### When to Budget

Budgeting for events is a process rather than a single act. There is no *one* point at which a budget should be developed. Rather, there are several.

At the stage when an organization begins to seriously consider producing a fundraising event, an initial budget should be prepared. This should be an itemization that includes all of the estimated expenses and income for the event. The purpose of this initial budget is to determine whether the event has any potential to make money. At this stage, the amounts used in the expense side of the budget should be high estimates, and those on the income side should be low estimates. A miscellaneous category of 10% of all of the estimated expenses should be added on to the budget to account for errors, forgotten expenses, and bills that come in higher than expected. By comparing your estimated expenses to your estimated income, it will be easy to see whether the event has any fundraising potential.

After the decision to proceed with the event has been made, a more exact budget should be developed. If possible, each item in the budget that is related to the hiring or purchasing of goods or services should be based on a "bid" from the likely provider of the goods and services.

As the planning stages proceed, the budget should be reviewed and revised on a minimum of a weekly basis as new information comes in about expected expenses. If tickets are being sold in advance, the income should be compared to the estimated income on a daily basis to gauge how close you are to breaking even.

### How to Develop a Budget

The first step in developing a budget for a fundraising event is to make a list of every possible expense that might be involved in producing that event. Be as specific as possible. For example, don't just put down an item titled "publicity." Think about what kind of publicity you will need to have to make the event a success. Will you have to make a poster, or buy ads on the radio or in newspapers, or send out announcements to your membership? If you have to make a poster, there might be the costs of hiring a graphic artist or getting some of the copy typeset, in addition to the actual printing of the poster. If you are going to buy ads in newspapers, list each paper where you intend to place an ad, and think about how many times the ad should appear and how large the ad should be. These are all major factors in projecting the cost of

publicity. Don't forget postage, phone bills, paper supplies and all of the smaller expenses that eventually add up. No expense is too little or unimportant to list. (See illustrations, pages 12-13.)

It is always helpful to try to find someone who has produced the kind of event you are planning, to talk to about what kinds of expenses are involved. Ask to see a final accounting of other people's events if they are available.

After itemizing your expenses, start filling in estimates of how much each will cost. When you don't know, do some research. If you are putting on a concert and don't know how much a sound system will cost, call some sound companies and get a few estimates. This is a time when it helps to be methodical, and where using guesswork is a mistake. Too many organizations unknowingly produce fundraising events that have absolutely no

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*No expense is too little or unimportant to list.*

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potential to make money. The losses come as a surprise because no one bothered to prepare a budget, or at least to prepare an accurate one. Accurate budgets help avoid losing money.

As you develop your first budget, you may become aware of the areas where more clarification or more information is necessary. For example, in budgeting for a benefit dance you may realize that you are not sure what exactly you will have to pay to the band. Will they want a flat fee or will they perform for free? Will they want to be reimbursed for gas and food? Will they provide their own sound system, or will you have to rent one for them? This is a good time to talk to the band and develop a very clear understanding of what you will pay them.

Or, you may be using a room or facility for your event and realize that you are not sure what is included in the rental for the facility and what you have to pay for as extra. Does the hall provide lights, sound, tables, chairs, coffee makers, or film projectors at no extra cost? Or, do you have to rent them separately from the hall or possible from an outside source? How much will that cost?

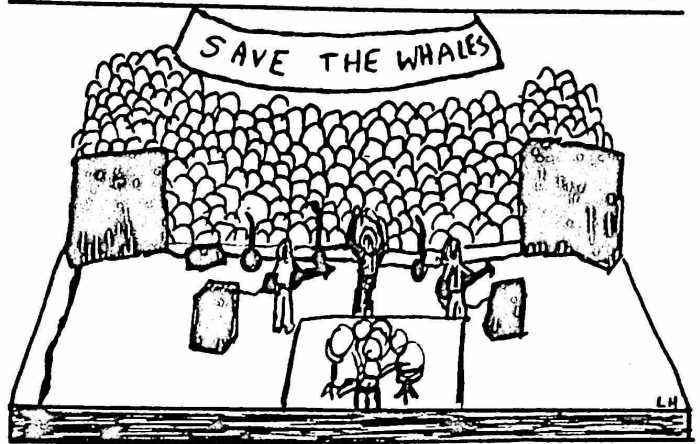
Whenever you ask someone for an estimate, write down the figure, what it is for, and the date of the conversation. If possible, get the estimates for larger expenses in writing. While it is true that what you get in advance is only an estimate, when a bill

arrives that is three times higher than your estimate, it is helpful to be able to document the original figure you were given.

As you get estimates or determine how much each item on your budget will cost, also begin to determine when the payment for that item will be due. Some items will have to be paid for in advance; some must be partly paid in advance and the remainder paid the day of the event; others will not have to be paid until several days or weeks after the event. This information is extremely important because it will be the basis for determining how much "front money" you will need for the event. You may find that you cannot produce a particular event simply because you don't have enough money in the bank to cover the advance costs. Or, you might at least realize that you will have to obtain some loans or grants in advance to make the event possible.

For each item on the budget, you should have a clear understanding in advance as to when payment is due and whether the payment should be in cash, check or money order. There is no worse experience in concert producing than to have a band refuse to go on stage because they expected to be paid in cash before the performance and you don't have enough cash on hand. Equally devastating is to miss your major ad deadline because you thought you could pay later and found out after the deadline had passed that payment was due in advance.

Never assume that if you sell tickets in advance, the ticket income will cover some of the advance expenses. In fact, advance ticket money should not be used until the event is actually happening. There



are any number of circumstances that can result in your having to refund tickets—a speaker getting sick, an outdoor concert on a rainy day, or a major contractual misunderstanding that forces you to cancel the event. It is important to know what your advance expenses will be and to have that amount available to you before you begin producing the event.

After you have estimated your expenses, try to estimate your potential income. Again, the first step is to itemize the various kinds of income the event might generate, such as ticket sales or admission, program sales, sales of ads in a program, drinks, food, poster or T-shirt sales, or special contributions above the admission price. If you plan to sell special high-price tickets or to have a fundraising pitch at the event, be careful not to overestimate the potential income from these sources.

With a list of estimated expenses and income for the event, you have your first draft of your budget in hand.

\$  
LH

*The lists below will provide you with some suggested budget items for various kinds of events. The lists are by no means all-inclusive, but are provided to remind you of some of the budget items often overlooked in preliminary event planning.*

## Cocktail Parties and Dances

Hall or room rental  
Entertainment (band or tape player)  
Sound system  
Food  
Drinks and Ice  
Bartender(s)  
Decorations  
Paper and plastic products (cups, plates, napkins, tablecloths, drink tickets)  
Invitation printing  
Postage  
Rentals (coffeemakers, glasses, plates, tables, chairs)  
Flowers

## Luncheons and Dinners

Food and drink costs  
Rental of a room  
Printing of invitations, reply cards, reply envelopes  
Secretarial costs (for special sponsor letters)  
Copying  
Postage  
Telephone  
Award to present to honorees (such as a placque)  
Speaker fee  
Speaker transportation and accommodations  
Consultants fee  
Liquor license

# Update on the Combined Federal Campaign

The Combined Federal Campaign (CFC) is the payroll deduction plan for Federal government employees. It is a 90-million-dollar-a-year enterprise, similar to United Way, the Black United Fund, and other workplace payroll deduction plans.

Access to workplace charity drives such as the CFC has become a hotly debated issue in recent years, as more and more groups have challenged United Way's virtual monopoly on this lucrative and efficient fundraising method. Pressure has also been mounting on the Federal government to admit more non-United Way charities to the CFC. In the spring of 1980, after an intense lobbying effort by concerned charities, the Federal Office of Personnel Management (OPM) opened up the CFC to local independent charities who were not a part of the United Way for the first time. Then, in June 1981, as a result of two successful lawsuits challenging the constitutionality of CFC rules, the Campaign admitted a number of national minority and women's charities, including the NAACP Legal Defense and Educational Fund, National Black United Fund, and National Organization for Women Legal Defense and Education Fund.

Last fall, however, the Office of Personnel Management proposed an executive order for the CFC that would limit access to the CFC to a narrow range of traditional national charities, eliminating newly admitted national and local groups. Following an avalanche of criticism on the proposed executive order, President Reagan issued an order on March 23, 1982, that left the requirements unchanged.

The Office of Personnel Management then took a different tack to accomplish their desire to shut out non-United Way charities. Since they were unable to get an executive order, they secured regulations to much the same effect.

These regulations were issued July 6. These regulations are much broader than the proposed executive order, but still pose serious problems. The regulations do allow *national* minority and women's organizations to remain eligible to receive employee contributions; however, *local* independent charities are not allowed to participate after this fall unless they become a part of a qualified national organization or a national federated fundraising drive.

All of this is in direct contradiction to the Reagan administration's repeated calls for increased private charitable giving. The proposed rules will eliminate between 300-500 local charities from the CFC: groups such as the Birmingham/Jefferson County Women's Center (Alabama), the Sickle Cell Anemia Project (New Jersey), Connecticut Citizens Research Group, League Against Child Abuse (Columbus, Ohio) and the Idaho Youth Ranch.

The new rules will also turn over planning and management of the local Federal charity drive to the United Ways, a move that bucks a growing national trend. In the past ten years, more than 15 state governments and dozens of local governments have expanded their charity drives to allow participation by national health charities, international service agencies, Black United Funds, and a diverse array of non-United Way organizations.

The Reagan administration is giving United Way control of local CFC drives in spite of data showing that joint management of the CFC during the past 15 years by a number of different agencies resulted in a 600% increase in donations compared to the United Way alone, which only shows a 125% increase in donations for its agencies.

Not only does this move lower the amount of money which will be given by Federal employees, there is some evidence to show that giving to the United Way will actually *decrease* if it is the agency in charge. It is a clear conflict of interest for the United Way to be given this role, and it is likely that the National Committee for Responsive Philanthropy and other concerned organizations will file a lawsuit to challenge the United Way's role.

*If your organization is interested in participating in the CFC drive this year, call your local CFC for more information. If the Combined Federal Campaign is not listed in your phone book, call the Federal Executive Board (which is listed in many local phone directories under government) or call the Federal Information Operator, and ask for the local number.*

*For further information about the Combined Federal Campaign and how you can help open up the CFC regulations, contact the National Committee for Responsive Philanthropy at 810-18th St., N.W., #408, Washington, D.C. 20006 or call them at (202) 347-5340.*

\$  
-KK

Dear Joan,  
continued from pg 2

The studio may give you the premiere and coordinate the advertising, but your group has to sell the tickets. In 1976, 13 public interest groups got the premiere of *All The President's Men*. Iowa PIRG netted \$16,000 because a local theatre strike made their premiere the *only* new movie to see in Des Moines at the grand opening of the non-union university theatre. (Circumstances hard to duplicate.) Illinois Public Action Council netted \$14,000 because they recruited a team of experienced fundraisers who knew how to sell tickets. Nine other groups netted between \$1,000 and \$9,000. Two lost money. Movies are not magic. No matter how wonderful the film and advertising are, you can only depend on what your own people can sell. \$

## Back Issues of Grassroots Fundraising Journal Available

Many readers have inquired about getting back issues of the *Grassroots Fundraising Journal*. Limited quantities of all three *Journals* are available for \$2 each from the Grassroots Fundraising Journal, P.O. Box 14754, San Francisco, CA 94114. The articles in each issue are as follows:

Volume One, Number One (February, 1982)  
So You Just Lost Your Funding  
How to Write a Good Fundraising Letter

Volume One, Number Two (April, 1982)  
Fundraising Events for Non-Profits (Part One):  
Overview

Making Self-Sufficiency a Reality in a Rural  
Organization: The Lisbon Area Commu-  
nity Organization Recreation Center

Volume One, Number Three (June, 1982)  
The Lord Loveth a Cheerful Giver: How to  
Set Up a Pledge Program  
Fundraising Events (Part Two): Finding a  
Performer

Plus, all the issues include a profile of a major donor, book reviews, success stories, and invaluable advice from our special columnist, Joan Flanagan.

## Why Should Grassroots Groups Be Concerned About Reforming Workplace Giving?

According to the National Committee for Responsive Philanthropy, here are a few reasons:

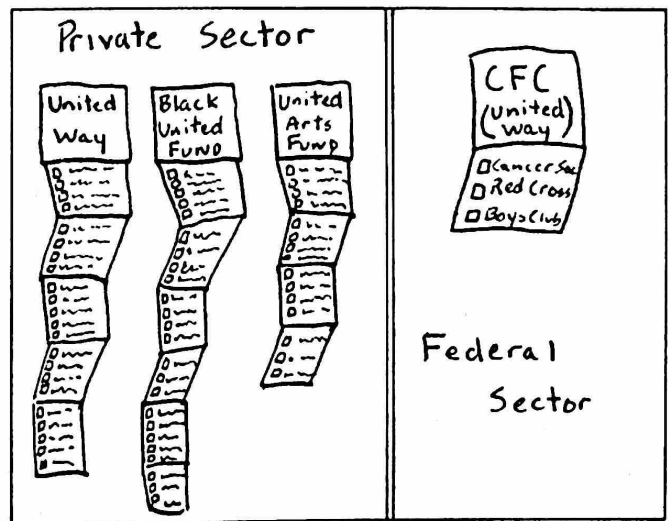
1) The cost of raising the \$1 billion in annual workplace contributions is tiny, only 5-10 cents on the dollar.

2) The costs are so low because a huge percentage of employees make gifts (59% in the Federal government alone).

3) When employees are given a choice of charities, more employees make gifts and they give more. Last year, for example, when employees of Bell Labs in New Jersey were allowed to give to the Black United Fund in addition to United Way, they increased their giving by 28%. In 1980, when federal government employees were given a larger choice of charities to support, they increased their average gift more than 30%.

4) United Ways, which provide PARTIAL FUNDING for LESS THAN 15% of all charities, have held a virtual monopoly on workplace giving, therefore denying the \$1 billion in employee contributions to most other non-profit groups.

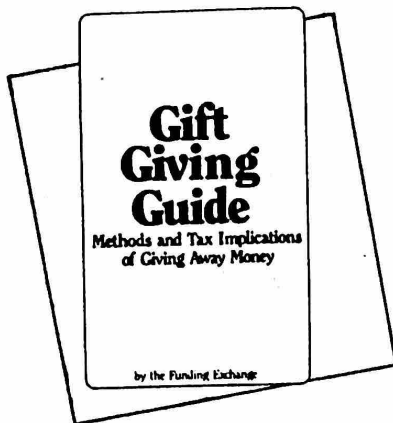
5) United Ways change who they fund very slowly. According to a United Way survey, only an average of one to two organizations are newly admitted to United Way membership each year in 300 of the largest United Ways. *More than half of United Way funds go to just 11 long-established charities.* \$



Preview of 1983 Workplace Solicitation.



## Book Review



### **Gift Giving Guide: Methods and Tax Implications of Giving Away Money.**

Published by the Funding Exchange, 80 Fifth Avenue,  
Rm. 1204, New York, NY 10011. 1981, 70pp., \$6.50.

***"Written expressly for donors  
to progressive causes, the Gift  
Giving Guide unravels the  
complexities of tax deductible  
giving."***

The *Gift-Giving Guide* "is a layperson's guide to the issues concerned with charitable giving." So say the authors of this well-produced publication. While it is true that it is written primarily for donors rather than for those seeking funds, the publication could easily be included in a syllabus of any introductory course on fundraising.

If, in the course of your fundraising, you have considered soliciting or have accepted contributions from individuals, be they cash, be they cash, gifts of stock or property, loans or the naming of your organization in a will, the *Gift-Giving Guide* is a publication worth your reading.

In general, the more you know about your potential donors, the better able you will be to ask them for contributions. This publication provides fundraisers with an inside look at the considerations a donor must make before giving a gift to a non-profit organization.

While it is not always true that tax benefits are a factor in the decision for an individual to make a major contribution to a non-profit organization, it is important to know what benefits do exist. This is

the focus of the *Gift-Giving Guide*. The importance of understanding tax benefits partly rests in being aware that a contribution often benefits the donor as well as the recipient. It also rests in knowing that some methods of giving provide more benefits to the donor than others, and that the more ways of giving you make available to your donors, the more gifts you are likely to receive.

For the reasons stated above, almost all of the information in this book is worthy of some attention by the fundraiser. Of particular interest are the sections that deal with the tax benefits to individuals in different tax brackets giving cash, property, stock, life insurance policies, and the chapters on deferred giving, wills and loans.

The material is organized as responses to specific questions that might be posed by donors, such as: "Can I avoid the tax on capital gains through charitable giving?" or "How can I contribute stock which is held by my broker?" or "What are the tax advantages of a deferred giving plan?" or "When is a short-term loan a good way to support an organization?"

The book contains many examples and charts that make clear how much can be saved by thinking through the tax implications of various kinds of gifts. All of the information contained within has accounted for the most recent changes and provisions of the federal tax legislation, including the 1981 Tax Act. The sample loan agreement is worthy of special note, simply because loans from progressive donors to progressive organizations have been an endless source of bad feelings among good friends due to misunderstandings and unspoken agreements.

The Funding Exchange, which published the *Gift-Giving Guide*, is a national organization of seven community-based public foundations. These community funds were set up to fund grassroots and activist organizations addressing critical social issues such as race and sex discrimination, nuclear proliferation, and continuing economic inequities. These funds have brought together individuals wanting to fund social change and a broad range of community organizations in need of financial support. Other publications available through the Funding Exchange are *Robin Hood Was Right: A Guide to Giving Your Money for Social Change* and *Inherited Wealth: Your Money and Your Life*.

\$

—LH

# The Continuing Saga of JEWEL at F.I.G.A. (FUNDRAISING INSTITUTE OF GREATER AMERICA)



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## Advertising Rates

The *Grassroots Fundraising Journal* is now accepting display and classified advertising.

### Rates:

**Classified:** \$.50 a word, minimum 10 words.

<b>Display:</b> 1/8 page, 3 1/2 inches wide x 2 1/4	\$ 25
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1/2 page, 3 1/2 inches wide x 9 1/2	\$100
Whole page, 8 inches x 10 1/2	\$200

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