FUNDRAISING IDEAS THAT WORK!

Grassroots Fundraising Journal

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FEATURING: A Reluctant Fundraiser Rises to the Challenge

BY RONA FERNANDEZ

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LETTER FROM THE PUBLISHER

KIM KLEIN

As we approach the end of 2005, I find myself in a sea (or possibly swamp) of conflicting emotions. I, like all my colleagues in the fundraising consulting business, are fielding lots of questions about fundraising post-Hurricane Katrina. But I am so aware that these questions are also post-tsunami, post-9/11, post-welfare reform, and the devolution of government begun years ago. Prior to Katrina, nonprofits faced other crises — government cutbacks, government regulations, whether or not to comply with anti-terrorist language in grant contracts, how to pay for health insurance for employees, how to educate donors about the appropriateness of overhead costs, and so on.

I continue to be amazed and heartened by ordinary working people's response to need. The responses from churches, temples, mosques, synagogues, service clubs, sororities and fraternities, and everyday people who sent not only vast amounts of money but also legions of volunteers to rebuild homes, take in families, board pets, feed, clothe, and counsel the hundreds of thousands affected by Hurricane Katrina are all heartwarming. And yet, I am so struck by how so much of this outreach would not have been necessary had the government been doing its job all along. Katrina was one more disaster in a series of disasters called poverty, racism, environmental destruction, reactionary tax policy, corruption, greed, neglect, and profound incompetence. We as private citizens are privately fixing what somehow we as public citizens and taxpayers cannot mobilize ourselves to prevent.

Nonprofits must keep raising hard questions and keep the faces of this most recent disaster in the public eye and in the public debate. Coming out of Katrina, we must look at the root causes of social problems and create, for the first time, a course toward justice. Taxes and philanthropy will be a big part of this work, and those of us in fundraising need to be fearless not only in raising money but raising questions and posing answers.

In this issue of the *Journal,* I conclude my series on endowment campaigns with a look at prospecting and what you might be able to learn from a feasibility study; Andy Robinson provides some tips on using the mail, and we introduce two new authors: Mike Kelly, who writes about his experience with the Lance Armstrong Foundation, and Rona Fernandez, who describes one man's journey through cultural barriers to fundraising.

We wish all of our readers success in your year-end fundraising, and encourage you to visit our website for more articles, more information, and more inspiration: www.grassrootsfundraising.org.

A Reluctant Fundraiser Rises to the Challenge

BY RONA FERNANDEZ

The first thing Wes Mukoyama asks me after we greet each other at the beginning of our phone interview is, "So, tell me a little about yourself." It's clear from the start that Wes likes to make a connection with whoever he's talking to, even if it's over the phone. Our conversation starts off amiably, and Wes's easygoing manner and rolling, husky voice make it easy to understand why he can relate well to clients and donors at the Yu Ai Kai Senior Center.

"It goes back to social work. I know I can connect to people," says Wes, and his story — starting off as a reluctant fundraiser and moving along a transformative path that led him to be a firm believer in the art of grassroots fundraising — shows that his knack for connecting with people has served him and his organization well.

Yu Ai Kai is a 31-year-old organization based in San Jose's Japantown. The center serves more than 200 Japanese-American, Filipino-American, Korean-American, and Chinese-American seniors daily. The center works to provide culturally appropriate programs like Meals on Wheels with hot Asian food as well as social activities such as ballroom dancing classes and Tai Chi. The center is also a social hub for the Japanese community, and it hosts events for the Japanese-American Museum of San Jose and other local institutions. Wes is a counselor at Yu Ai Kai as well as the center's executive director.

"I was not asking for money for me but for the organization, which I love and believe in very much. Just realizing my own resistance gave me a sense of being freed up."

Before his tenure at Yu Ai Kai, Wes had been a social worker with the Veterans Affairs bureau and traveled to faraway places with the Peace Corps. He also served on Yu Ai Kai's board of directors for fifteen years before transitioning to his current role in 2001. Despite the challenges of being the lone fundraiser on staff, Wes has succeeded at building a strong donor base and is preparing to launch a capital campaign so that Yu Ai Kai can purchase a neighboring building as well as expand their current facility to include a sunroom where seniors can play ping pong or chess, or sit and read the newspaper.

Currently, about one-third of Yu Ai Kai's income comes from government sources, one-fourth comes from individual donors, and the rest is a mix of United Way, foundation, and in-kind support. But it wasn't until recently that Wes began to focus more of his energy on individual donors. As a participant in last year's Fundraising Academy for Communities of Color (a training and coaching program co-sponsored by the *Journal* and CompassPoint Nonprofit Services in San Francisco), he was initially quite resistant to the idea of asking people directly for money.

Journal editor Stephanie Roth, one of the trainers in the Fundraising Academy, remembers, "Wes was skeptical about how donors to Yu Ai Kai would respond to a personal solicitation for a major gift, and he was very outspoken about it in the training."

Part of Wes's resistance was rooted in a cultural dynamic that he felt would make fundraising difficult for his organization and his community. According to Wes, Japanese culture is less direct and less aggressive in general than Western culture, so the idea of asking donors face-to-face for money was "rather alien" for him.

But with support from his colleagues and from trainers in the Academy, and from Yu Ai Kai's development consultant, Maria Gitin, Wes has not only identified the roots of his fears of asking for money, but has learned how to overcome them.

"I came from a poor background in Chicago," says Wes. "Money was something that was [considered] ugly…. As a social worker, it was not an ambition of mine to make money."

In his role as executive director at Yu Ai Kai, however, fundraising is Wes's primary responsibility. The Academy not only helped Wes develop concrete fundraising skills, such as how to do a face-to-face ask or write an annual appeal letter through storytelling, it also allowed him to move beyond his fears of fundraising so that he could better fulfill his organization's needs.

After Wes popped the question, he recalls that the donor "just nodded his head and said, 'OK.' I was ecstatic. It felt like being on a first date."

During the Academy, Wes says, he realized, "I was not asking for money for me but for the organization, which I love and believe in very much. Just realizing my own resistance gave me a sense of being freed up."

Wes's first major donor ask was with a donor who had consistently given between $500 and $1,000 to Yu Ai Kai every year. "I decided this guy's got to be recognized and thanked," says Wes, who got coaching from his development consultant on how to approach the donor and, eventually, do the ask. Wes had two meetings with the donor before getting to the ask itself, which was for $10,000 — more than Wes had ever asked for before.

After Wes popped the question, he recalls that the donor "just nodded his head and said, 'OK.' I was ecstatic. It felt like being on a first date." The donor made a $10,000 contribution to Yu Ai Kai, and is now part of the center's capital campaign committee. His success with this first ask gave Wes a new sense of confidence in his own fundraising ability and in donors' openness to being asked.

"I cannot be a phony," says Wes about his new attitudes about asking for money, "I kept telling myself that if I build a relationship, even if that person is capable of giving money, what's important is the understanding that she and I have this relationship with Yu Ai Kai. And it's the relationship that's important, not the money."

Even though, as Chair of Yu Ai Kai's board of directors, Wes helped oversee a capital campaign to purchase the center's current facility, as executive director the expectations of him are much higher. "Now I have to act as a role model," says Wes of his new role. Under Wes's leadership, Yu Ai Kai has established a 12-member capital campaign committee, and they're not done yet. But despite his successes in building a fundraising infrastructure and raising money for Yu Ai Kai, Wes is still working to address some key challenges in order to make his organization's fundraising program even stronger.

One common challenge for nonprofits is getting the board invested in working on fundraising. Though he has helped get training for his board on creating a case statement and cultivating individual donors, and built a solid capital campaign committee, Wes still feels that more can happen. Prospect identification in particular has been difficult.

"There are three or four people on our board who really know people in the community," says Wes, "[but] the board is resistant to going out and doing fundraising even though they have a lot of contacts…. It's challenging to get information about prospects."

For others who are trying to raise money for their organizations but have fears and doubts about it as Wes did, he gives this advice: "Get training. Don't think you can do it all by the seat of your pants. Any time there's a training on fundraising, go for it. Don't think you can do it on your own."

"And," he adds with a smile in his voice, "you *can* teach an old dog new tricks." GFJ

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The Yu Ai Kai Senior Center in San Jose, California, is getting ready to launch a capital campaign to purchase a neighboring building so that they can respond to the increased demand for their services.

PART III

Planning an Endowment Campaign:
Finding Prospects and the Role of Feasibility Studies

BY KIM KLEIN

EDITOR'S NOTE: In our previous two articles, we examined what must be in place to begin an endowment campaign, including setting a goal, creating appropriate policies for accepting gifts and investing money, and pulling together a working committee. When I work with organizations on these elements, a question that is constantly dogging us is, "Do we have enough people to give to this campaign?" Obviously, the board and people close to the group are primary prospects, but they may not have the capacity for the largest gifts and usually more gifts are needed to complete the campaign. (Note: if board members are not the people closest to the organization, then reconsider doing an endowment campaign until your organization solves that problem.) To raise the rest of the funds, we need to identify more prospects.

ENDOWMENT PROSPECTS

In all campaigns, the rule of "top down, inside out" is the way to organize your prospects. Ben Franklin, who was one of America's earliest and best fundraisers, advised, "Apply to all those whom you know will give something; next to those whom you are uncertain whether they will give anything or not, and show them the list of those who have given; and lastly, do not neglect those who you are sure will give nothing, for in some of them you will be mistaken."

Franklin's advice is what we mean by "inside out." Start with the people closest to the group. Aside from board members, who technically make the actual first gifts to testify to their own commitment, think of other major donors, volunteers, former board members and volunteers (assuming no ill will accompanied their becoming "former"), staff, and so on. Start from the closest to the organization and work your way out.

"Top down" means organizing the list with the people who can make the biggest gifts at the top, then going down the list to smaller and smaller gifts. The first gift, then, is solicited from the person closest to the organization who can give the biggest gift. This person may not be the closest person, or the gift requested may not be the biggest gift you need, but it should be the biggest one you can get right now.

How to Identify a Prospect

A prospect for an endowment gift is someone with three qualifications: he or she has demonstrated a commitment to your group, usually by giving over several years and often through other than just financial involvement; they have the money; and your organization has access to this person. A common mistake is looking for someone with money who cares about a cause similar to yours. That person might be a major donor prospect or may eventually give an endowment gift, but the primary prospects need to be people who think that not only is your cause very important, but that your organization is doing such good work on this cause that they want to ensure your long-term viability.

Many people will say that they have no idea what assets their donors have. If you really have *no idea,* then you are going to have to find out more about your donors before you go asking them for gifts to your endowment. However, an easy rule to follow in soliciting capital or endowment gifts is to ask for a gift that is ten times the donor's annual gift amount. (You want to make it clear that this gift is in addition to their annual gift. You don't want your annual income to decline while you are doing the campaign.)

So, when you think about who might qualify as a prospect, ask yourself whether they could give this amount, even if over a three- to five-year period. When you tell donors that you are asking everyone for the same thing — ten times their annual gift — people are not offended, even if the size of the gift is absolutely out of their range. The real risk in following this formula without other knowledge is of asking someone for too little.

As we pointed out in the first article in this series, the case for endowment is three-fold: the organization currently needs some financial stability, the organization needs to exist indefinitely into the future, and the organization is mature enough or sophisticated enough to handle this kind of money. Finding donors who agree with all three premises and who also have the capacity to give requires thought and some research.

Whom to Ask First

Sometimes it is hard to figure out which of the people closest to the organization you should go to first. You may have a handful of people who are close and able to make a big gift. Think about who is most excited about the endowment. Keep in mind that some major donors who love your organization's work are not going to support the endowment. There will be some who simply don't agree that a grassroots organization should have an endowment, others who have given to endowments only to see that money spent on annual needs by a careless board, and still others who wish your endowment effort well but are only interested in funding more immediate needs.

Use common sense in identifying these prospects. What else do you know about the people on your list? For example, a person giving $50 quarterly might be close to the group but is probably far from the biggest donor. However, if her $50 gifts are derived from investment earnings, then she may go to the top of the list — maybe she would just give you the asset that is yielding this $50 each quarter. Someone who ekes out a living as an artist and whose last gift was $25, but then gives you $1,000 that he won in the lottery, is not going to be high on the list, but he may be an excellent solicitor because he actually gave an asset that he could have used himself.

The Role of Research

A number of important details can be learned through prospect research, which has become easier with various search engines and databases on the Internet. (For more on this topic, see Michel Hudson's excellent article, "An Introduction to Prospect Research," in the *Journal,* Vol. 22:1, 2003.) Sometimes just entering a name into Google will give you valuable information on other gifts the prospect has made or more background to help you frame your request.

Another option is to hire a prospect researcher for a few of your top names. For referrals, ask your local chapter of the Association of Fundraising Professionals (www.afpnet.org) or the Association of Professional Researchers for Advancement (www.aprahome.org). Check references to make sure the person is reputable and competent.

In doing prospect research, keep these three things in mind. First, while much can be known about a prospect, not everything should be, and you need to observe a sense of privacy. Ask yourself, "Would I like someone to find this out about me?" Second, prospect research can be procrastination. You are not writing a biography of this person. Think about what you really need to know and find that out. Finally, the tendency in this kind of research is to find out what people have — what they own, what they earn — but what you want to know is what they give. How do they think about their giving? Do they support the idea of endowments? This information will most likely come from people close to the prospects, so the best information tends to be from friends and colleagues of the prospect. If you have been doing your major donor work properly, information will have come from the prospects themselves.

How Many Prospects You Need

Because half of your prospects will say no and half of the group that says yes will give you less than what you ask for, you need about three times as many prospects as the number of gifts you seek. You don't need all the prospects right at the start, but you do need at least half of the prospects for the biggest gifts right from the beginning.

In the last issue, we noted that for a million-dollar endowment campaign, an organization would need about 186 prospects for gifts between $2,500 and $200,000 (and another 75 prospects for gifts of $1,000 or less). You would be ill advised to launch such a campaign with fewer than 100 prospects for the gifts of $2,500 or more. Far worse than no endowment at all is an endowment campaign that splutters and moves slowly. The energy of the campaign is part of what makes it successful or not. "Our campaign is going so well" makes people want to give. "Our campaign is getting off to a slow start, " or "We asked a bunch of people who said no" is not as appealing.

THE FEASIBILITY STUDY

To find out whether that many prospects are within your realm, consider doing a feasibility study. A feasibility study is a survey of people most likely to donate to the endowment to assess whether the goal the group has set is reachable, or to see what goal could be achieved and in what period of time. Such a study usually focuses on donors, board members, staff, key members of the community, foundation staff, and so on. It is often a lengthy process, involving written surveys, phone surveys, focus groups and in-person interviews. Nevertheless, such studies are important because they allow you to set realistic goals and avoid mistakes or public embarrassment.

There are firms that specialize in these kinds of studies, but because working with such a firm can be expensive, it is not an option for most grassroots groups. However, you can put together a reasonable effort for much less cost using a graduate student or perhaps a consultant wanting to learn more about feasibility studies.

Get Help

To be as accurate as possible, a feasibility study needs to be conducted by a person outside the organization, and the responses need to be kept confidential. This method confers several benefits: people being interviewed will be more honest when speaking to someone not affiliated with the group; the person conducting the interview will not color their questions or interpret the answer with their own sense of what is right or wrong with the organization; the interviewer can probe responses without reaction to them; the interviewee need not censor a response to spare the interviewer's feelings; and the anonymity of the responses allows the donors to be as honest as possible without immediately committing themselves to give a specific amount. The survey report will not reveal who might give what amounts, simply what donors as a group are able and willing to give.

There are people who will disagree with me on the need for an objective survey. However, I have seen groups get visions of sugar plums by using information gathered from a survey they did themselves and, more important, not get critical feedback that could have helped strengthen the organization. Here is an example:

The development director of an organization sent a written survey to donors asking about what would make them give a large gift to an endowment. Many answers came back with rather veiled references to "concern about

Typical Survey Questions for an Endowment Campaign Feasibility Study

YOUR INVOLVEMENT WITH THE ORGANIZATION

What is your relationship to the organization? (Check all that apply)

- ☐ Donor (how many years? _________)
- ☐ Board member or former board member (circle which)
- ☐ Volunteer or former volunteer (circle which)
- ☐ Former staff
- ☐ Friend of current board or staff member
- ☐ Other (please specify): ______________________

How do you feel about the work of this group? (check one)

- ☐ Very valuable
- ☐ Valuable
- ☐ Has some value
- ☐ Generally not valuable
- ☐ Waste of money
- ☐ No opinion
- ☐ Can't decide

Do you think the work of this group will be needed permanently?
(Please comment in addition to answering yes or no)

- ☐ Yes: ______________________
- ☐ No: ______________________

YOUR GIVING TO ENDOWMENTS

Have you been asked to give to endowments before?

☐ Yes ☐ No *If yes, by what type of group? (e.g., university, religious, arts, community foundation, social change):* ______________________

____

Have you given to an endowment before?

☐ Yes ☐ No *If yes, to what type of group?* ______________________

____

If yes, in what form was your gift?

- ☐ Pledge over several years
- ☐ Cash (including stocks or bonds)
- ☐ Through an irrevocable planned gift
- ☐ Property (art, real estate, coin collection)
- ☐ Other: ______________________

Is any organization named as a beneficiary in your will?

☐ Yes ☐ No

Is this group named as a beneficiary in your will?

☐ Yes ☐ No

From what you know about this group, would you consider giving an endowment gift? Please elaborate.

- ☐ Possibly
- ☐ Definitely
- ☐ Quite likely
- ☐ Unlikely
- ☐ No
- ☐ Need more information

Comments: ______________________

If you answered yes to the previous question, what size donation might you consider:

- ☐ More than $100,000
- ☐ $25,000–99,000
- ☐ $10,000–25,000
- ☐ Less than $1,000
- ☐ Depends on goal
- ☐ Depends on other factors (please specify):

____

How would this gift be made?

- ☐ Through my will
- ☐ As a one-time donation
- ☐ As a pledge over the next five years
- ☐ Other: ______________________

ABOUT YOUR OTHER GIVING

Do you support other nonprofit organizations?

☐ Yes ☐ No *If yes, please name some:* ______________________

____

How many nonprofits do you make contributions to in one year?

☐ 1 ☐ 2–5 ☐ 6–10 ☐ more than 10

What amount do you give most commonly?

- ☐ Less than $50
- ☐ $50–500
- ☐ $500–2500
- ☐ $2,500–10,000
- ☐ Other: ______________
- ☐ No set amount
- ☐ Not sure

Approximately how much money do you give away in a year?

- ☐ Less than $1,000
- ☐ $1,000–5,000
- ☐ $5,000–10,000
- ☐ $10,000–25,0000
- ☐ Other: ______________
- ☐ More than $25,000
- ☐ More than $100,000
- ☐ Not sure
- ☐ No set amount

DO NOT SIGN YOUR SURVEY. Place it in the enclosed envelope.
Your answers will be tabulated with others to give us a picture of what those who are close to our organization think of our plan.

leadership," or "not sure all the leaders are competent," or the even more obtuse, "fundraising has become too important." While people seemed to favor the idea of an endowment, overall the study showed that the organization was "not ready," but gave little indication of what that meant.

Since the development director and the executive director both felt that the board was weak and the chair of the board incompetent, they interpreted the survey to show that the donors agreed with them. The development director shared his findings with the board and in a fairly diplomatic way suggested that board weakness was a problem. Fortunately, the board (who had not been interviewed because all agreed that the board was "in favor" of the endowment campaign idea) decided to postpone the campaign for a couple of years.

Two years later, a few new board members were able to insist on a new study, this one done by an outsider. This study revealed that the real problems were with the development director himself. Donors felt he did not listen, that his letters and reports were poorly done and embarrassing to the agency. Several noted that he was a gossip, sharing information that donors had given him in confidence and revealing the identity of an anonymous donor. Some of this information had been brought to the attention of the director, who had merely reprimanded him. These organizational problems became clear in an anonymous survey.

The Written Survey

Organizations using an outside consultant to conduct their endowment feasibility survey can sometimes save money by creating the survey questions they want the consultant to ask. The consultant should have input into the study, and the group should look for someone who has done this kind of thing before, but there are standard questions to ask and it is not necessary to pay someone to think them up for you (see box).

You will always get more surveys back and have more comparable and honest information if you give people mostly multiple-choice questions, with answers expressed as a range.

The Phone Survey

The written survey is sent to people who are close to the group, but those who are closest to the group should be interviewed on the phone. Most of the multiple-choice or yes/no questions are the same on the phone as in the written survey. In addition, the caller can ask other, more open-ended questions, such as these:

- Do you think there is a clear case for an endowment for this organization?
- What important facts must this organization communicate in order to succeed in raising an endowment?
- Would you be willing to influence others to participate financially in an endowment campaign for this organization?
- Can you think of other people who should be interviewed about this campaign?
- Are there major weaknesses you see in the organization or any of the people involved in it that might weaken an endowment campaign?

Obviously, you also want to ask about levels of support, as in the written survey. It is important that the phone surveyor have good active listening skills and that he or she be willing to ask questions for clarification without conveying judgment about what the prospect is saying. For example, to say, "It sounds like that incident made you really angry," shows that you heard the person but don't agree or disagree; voicing agreement by saying, "I can see why you were so mad," or questioning the prospect's judgment with, "No one else has expressed anger about that. I wonder why it bugged you so much" are not objective responses.

Who Should Be Surveyed

Everyone who is a "stakeholder," that is, anyone with a high degree of commitment to an organization, should be surveyed. Stakeholders are people who care that the group exists and have opinions about and some investment in its work. The biggest group of stakeholders is, of course, people who give money or time; those who give more of both, or have given one or both for many years, should be surveyed by phone.

Ideally, all donors should be surveyed. If you have thousands of donors, at least survey all donors giving $50 or more, and all donors giving any amount for more than three years in a row. In addition, former staff and former board may be sent a modified survey or phoned. Others who have a relationship with the organization or whose opinion about your campaign will be sought by others should also get some form of the survey. These people may include staff at foundations, corporations, and volunteers with the organization.

Some groups also survey clients and former clients, politicians, vendors, and the like with questions about the reputation of the group and to get a better sense of how the group is perceived by others beyond the immediate stakeholders. This is not necessary unless you have reason to think that your donors' and volunteers' perceptions are going to be significantly different from those in the rest of the community.

How To Decide Whom To Phone

At least 15 people should be phoned, but usually not more than 25. Your decision will depend in part on how may phone surveys you want to have to tally; your consultant will help you with this. You can always decide to call more people if your responses are wildly inconsistent or you want to seek clarity on a particular point.

Definitely call donors giving the most money in terms of size of gift, those who you know give significantly to other groups and give generously to you but may not be your largest donors, and those whose gifts are both large and a stretch for them. Include a random sample of those who have given consecutively for three years or more regardless of the size of their gift. If there are people you think would make endowment gifts or who have encouraged you to begin an endowment but do not fall into these categories, interview them by phone as well.

Analyzing the Data

In doing this kind of simplified feasibility study, the idea is to learn what you need without having too much data to sort through. That's why I recommend against convening in-person focus groups and producing several versions of your written survey.

The type of survey outlined here will reveal what people who care about your group think of endowments, whether they would give to one for your group, and in what range. You will surface serious problems or misperceptions about your group, and you will have a sense of what would be good timing for beginning an endowment campaign.

You will also get sense of how much money your donors give elsewhere and whether you have strong, loyal donors for whom you are their top giving priority (which is what you need for an endowment campaign).

What Other Groups Have Learned

Here are three examples of what grassroots groups learned from their feasibility studies.

A social service organization serving twenty rural southern counties learned that, while the organization was well liked by people close to it, the balance of people responding had no opinion. Many felt the organization concentrated too specifically on local, topical issues rather than seeking broader social impact. They questioned whether the group needed an endowment to let it keep fighting brushfires. Though nearly half felt the organization's programs were "outstanding" or "above average," the bulk of the other half replied, "Don't know." The organization concluded from their study that they need to be better known and understood before they can expect people to give to an endowment.

A church in a decaying urban neighborhood, where church members are increasingly drawn from outside the immediate area, had embarked on a renovation program and wanted to see how much money it could raise for an endowment at the same time. The consultant interviewed church members, foundation officials and nearby corporations that had funded social service projects housed at the church. He learned that many in the congregation did not agree with the scope of the renovation campaign and would resist any increase in the campaign goal to accommodate an endowment. Others believed that the church should not tie up money in an endowment that should be used to feed, clothe, house, and take care of poor neighbors. He recommended both rethinking the scale of the renovation and not undertaking an endowment at that time. Despite this negative assessment, the church went ahead with both the renovation and endowment projects. After three years, the group had been unable to raise more than half their goal, leaving it without enough money to complete the renovation or begin the endowment.

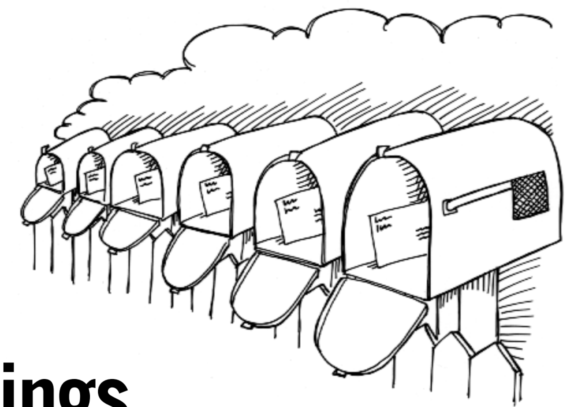
A community foundation wished to expand its endowment by $1 million. The consultant discovered widespread support of the foundation, with more than half the respondents reporting that the foundation was already named as a beneficiary in their will. Criticisms of the foundation focused on donors' desires to do more: "They have asked me for the same gift three years in a row. While I am grateful that they are not constantly asking for more, I think they could be more assertive." "They need to do more planned giving education. I set up a charitable remainder trust at my college, which I don't care as much about as this foundation, but the college showed me exactly what to do and where to sign." When the consultant asked in phone interviews about the highest gift these donors would consider to an endowment campaign, three people said they would give $250,000, a few named $100,000, and several suggested $50,000. These were much higher than the foundation had expected. The consultant concluded that the foundation should raise its three-year goal for the endowment campaign to $3 million. After one year, the group had raised $2 million.

CONCLUSION

Feasibility studies for an endowment can be extremely valuable if they are done well, analyzed properly and acted on judiciously. They should be undertaken by groups not afraid of finding out what people think about them and willing to correct misimpressions or fix problems. Groups determined to launch an endowment campaign no matter what need not bother commissioning a study. However, groups that do a feasibility study would be well advised to heed its results. If an endowment campaign is supported by the results of the study, finding willing prospects should not be difficult. GFJ

KIM KLEIN IS THE PUBLISHER OF THE *GRASSROOTS FUNDRAISING JOURNAL.*

More Money IN THE *Mailbox:* Eleven Tips for Improving Your Mailings



BY ANDY ROBINSON

For years, the response rate for direct mail fundraising has been gradually declining, due in part to increasing volume: more and more organizations sending more and more mail. If you're not raising as much as you want through the mailbox, consider the following ideas.

WARNING: These strategies require more time — from the staff, board, and/or volunteers. However, the time invested should more than pay for itself in higher returns and larger gifts.

PERSONALIZE, PERSONALIZE, PERSONALIZE

1. Mail-merge letters to your top donors and prospects. Rather than sending "Dear friend" letters, mail-merge them so that each begins with the donor's name, address, and salutation. This is basic technology; if you have a word processing program and a database, you can learn to do this. It will take an hour or two to print the letters yourself — rather than sending them to a commercial printer — depending on the speed of your equipment.

If it feels too daunting to attempt this approach with your entire list, identify your top 200 to 500 donors and prospects and use this personalized approach with them.

2. Add hand-written notes. Scrawling personal notes in the margins is a time-tested way to improve your results, especially if the writer knows the donor. Novels or lyric poetry are not required; a simple "Thanks for your support" or "Thanks for considering a gift" should do the trick. The content of the note is less important than the fact that someone took the time to write a personal greeting.

This is a great strategy for involving board, staff, and volunteers. Pass around the mail-merged letters and ask anyone who knows the recipient to add a note. The most effective letters are *covered* with personal hand-written messages from multiple friends and acquaintances.

3. Use Post-Its. For even better returns, write your personal notes on brightly-colored Post-its (the adhesive sticky notes) and affix them to the letter. These really stand out.

4. Hand-address the envelopes. This is the only guaranteed way to get your mail opened. (Have you ever thrown away a hand-addressed envelope without opening it?) Again, you may be unable to do this for everyone, so "segment the list" and give your best candidates a little extra attention.

5. Use first-class stamps. If you have a choice, buy big, fat, colorful ones. With a relatively small number of pieces — again, we are talking about your top 200 to 500 donors and prospects — the extra cost above the bulk mail rate is marginal. Your returns will more than exceed the additional $50 or $100 you pay for postage.

6. Customize "the ask" to the donor's giving history. Have your local print shop create a variety of response cards that you can use with members and donors based on their past giving: $25 and up, $50 and up, $100 and up, and so on. Always include an option marked "other," in case they choose to give more or less than the check-off options. As you collate the letters and stuff the envelopes, match the response cards to the donors. Don't send a $100 contributor a response card that begins with a $25 check-off.

7. Include snapshots. These photos can relate to your programs: childcare seminar, lobby day, guided hike, community meeting, and so on. They can also be personal: the executive director's new baby or your board picnic. If you're in the middle of a capital campaign, consider sending construction photographs that document the progress of the building. If you're working to protect a special landscape, take a picture of it.

Whenever possible, use action photos. These are much more effective than shots of people sitting around a table talking to each other.

You can get inexpensive bulk photographs at Price Club or an equivalent place. It's also possible to send photos electronically, but somehow this feels less personal that pulling a snapshot out of an envelope — an activity that many of us associate with family and friends.

CREATE INCENTIVES TO BOOST GIVING

8. Identify challenge gifts. If you've ever listened to public radio anywhere in the U.S., you know how this works: "The Jones family will match every dollar we raise for the next hour, up to a total of $2,500. If you want to double the impact of your gift, please call now." Many foundations and government agencies also give grants on a matching basis, and those grants can be matched by individual donors.

Challenges are perhaps the oldest trick in fundraising, because they motivate your regular donors to make additional gifts and provide an incentive for new folks to join. When I worked at Native Seeds/SEARCH, a regional conservation group in Tucson, we used challenge grants to begin and end a capital campaign for a new seed bank, library, and grow-out garden. One of our foundation supporters gave $20,000 on the condition that we raise an equal amount from our members. We promoted this challenge in our newsletter and sent two special mailings to the entire membership requesting gifts for the match. We also phoned selected donors. The result: $52,000 in member contributions!

9. Reward top donors with more information. Create an informal "insider" newsletter for major donors: what's up in the office, emerging issues, and so on. This can be printed on a piece of letterhead or sent as an e-newsletter. If you use paper, personalize it with a note or Post-it from the executive director or board chair. The incentive: for a larger gift, donors receive a more intimate perspective on your issues, strategies, and challenges. Some groups send these quarterly, though two per year is probably sufficient.

VARY THE FORMAT

10. Try sending the same appeal letter in both mail and e-mail formats. If you collect e-mail addresses of your donors — and you should — e-mail the letter, too. You could send both formats simultaneously, or wait a week to follow the physical letter with e-mail.

This approach would allow for an interesting test. It would be easy to track the response rates from those who receive just the mailed letter versus those who received it via mail *and* e-mail.

11. Use photocopied news articles in your appeals. In my experience, the most effective inserts are press clippings about your work. Even if these stories are not 100 percent accurate or entirely flattering — the perfect news article doesn't exist — they add credibility to your organization. Journalists also tend to write more succinctly than the rest of us. As a donor, I am more inclined to read the newspaper article than the appeal letter itself, and I suspect that my behavior is not unusual.

When implemented together, each of these strategies is likely to improve your results. Taken together, they could really boost your returns. Try them in combination and watch what happens. GFJ

ANDY ROBINSON IS A CONSULTANT AND TRAINER BASED IN PLAINFIELD, VERMONT AND THE AUTHOR OF *BIG GIFTS FOR SMALL GROUPS: A BOARD MEMBER'S 1-HOUR GUIDE TO SECURING GIFTS OF $500 TO $5,000* (EMERSON AND CHURCH) AND *GRASSROOTS GRANTS*, SECOND EDITION (JOSSEY-BASS). HE THANKS MEGAN GRAHAM OF THE COLORADO ENVIRONMENTAL COALITION FOR HER HELP WITH THIS ARTICLE.

The Peloton Project:

How the Lance Armstrong Foundation Builds a Broad Base of Individual Donors

BY MIKE KELLY

PUBLISHER'S NOTE: The following article by Mike Kelly is a slight departure from the kinds of articles we generally publish in the *Journal*. He writes about the Peloton Project, a fundraising program of the Lance Armstrong Foundation, which is a much larger nonprofit — and founded by a much more famous person — than we normally feature. I met Mike last spring when he took a class I teach at the University of California's Haas School of Business. Mike told me that he is Lance Armstrong's stepbrother and also an avid cyclist. Mike's life has been affected by both Lance's cancer and by his mother's death from breast cancer. Mike immediately grasped the idea of building a broad base of donors, and although few *Journal* subscribers have organizations with the name recognition of Lance Armstrong, we can all attract far more donors than we think if we use teamwork and the name recognition of each member of our team. This article is adapted from Mike's term paper; I thank him and the Lance Armstrong Foundation for letting us use it. — KK

The Lance Armstrong Foundation was founded in 1997 by cycling champion Lance Armstrong. As a survivor of cancer, Armstrong established the foundation to improve cancer survivorship by providing the practical information and tools necessary for people living with cancer. The foundation believes that in a person's battle with cancer, knowledge is power and attitude is everything. The foundation serves its mission through four core program areas: education, advocacy, public health programs, and research.

The foundation's financial health is grounded in its major grassroots fundraising program, the Peloton Project. The sale of more than 50 million yellow wristbands inscribed with LIVE**STRONG**™ has made the Lance Armstrong Foundation a household name. The Peloton Project converts that recognition into substantial individual gifts. This article describes the way the project works and what has made it successful, and looks at activities that might bring even greater success, should you decide to apply the fundraising model described here for your own group.

ABOUT THE PELOTON PROJECT

Peloton (from French): the large main group in a cycling road race. Like birds flying in formation, riders can save energy by riding close behind one another.

The Peloton Project brings together a diverse group of volunteers dedicated to furthering the causes of the four main program areas of the foundation. In 2004, 7,200 Peloton Project members representing all 50 states and 21 countries collected more than $5.6 million in donations for the foundation.

More than five and a half million dollars is a considerable amount of money to be raised by any nonprofit organization; however, the foundation's plans to advance its mission are equally considerable. As cancer continues to move from a disease of acute crisis and intervention to one of maintenance for the survivors, the population of survivors will grow steadily, increasing the demand for services offered by organizations like the foundation.

How the Project Works

The mechanics of how the Peloton Project works are fairly straightforward. Peloton Project members raise funds and awareness for the foundation through personal solicitation of donors. In return, the foundation rewards members with various incentive prizes based on individual fundraising levels achieved. Registered Peloton members who raise a minimum of $150 can participate in the annual Ride for the Roses Weekend in Austin, Texas. The Ride is the cornerstone of the foundation's donor acquisition strategy. The weekend consists of a bike expo, cancer screenings, survivorship panel conversation with Lance, and culminates with a bike ride of various distances through the countryside around Austin. The Ride greatly increases the visibility of the organization; thousands of people riding bikes through Austin definitely turns some heads, attracts media attention, and in turn brings in new money.

Recruiting Members and Donors

Acquisition for the Peloton Project takes place on two levels: first, new members are recruited to the project to participate in activities that raise money for the foundation. Then, those members solicit people they know for donations to the foundation.

The foundation typically acquires new members of the Peloton Project through efforts in its 14 geographic regions. Each of the 14 regional "mentors" is encouraged to increase membership in the Peloton Project through special events and local advertising, all of which are supported by the foundation. Examples of such events include a Peloton Project booth at regional professional bike races, organized amateur bike rides, Tour de France watching parties, dinners, golf tournaments, garage sales, and bike repair clinics sponsored by local bike shops. Mentors are simply "super volunteers" who rise to the tasks of leading a regional effort. When a mentor decides to move on, he or she usually passes the torch to the next person interested in the job.

The foundation helps Peloton Project members to secure donations from as many donors as possible through personal solicitation by providing a fundraising kit on its website, complete with sample solicitation letters, a letter from Lance, sample thank-you notes, and fundraising ideas.

As Peloton Project members solicit donations, it is not uncommon for those solicited to pass along information about the project to other potential donors, creating a multiplier effect. I was fortunate enough to have this happen. After e-mailing my initial request for donations to a list of my friends and family, I found that some of them passed my e-mail on to several people I didn't even know. These people also gave, with the happy result that I received donations above and beyond what I was expecting. Donors can make their gifts on the foundation's website, or the project members can collect funds and mail them to the foundation. All donations are tracked against a Peloton Project member's ID number.

As an incentive to its solicitors, the foundation offers different "Jersey Levels" for the amount of funds raised. The jerseys are symbolic of the different jerseys worn by leaders of the Tour de France. For example, a yellow jersey is the top prize and is awarded to any Peloton Project member who raises $25,000 or more. Yellow Jersey winners receive paid travel to the Ride for the Roses, a special dinner at the event, various foundation-related merchandise, and a private group bike ride with Lance. By late summer of 2005, 19 members of the Peloton Project had achieved Yellow Jersey status.

Both membership in the Peloton Project and acquisition of new donors made on behalf of Peloton Project members has grown substantially over the past several years.

Retaining Members

The Peloton Project sends an automated thank-you note electronically to all online donors. The electronic thank you references the Peloton Project member for whom the donation was made. A separate form letter thank-you note is sent via regular mail to donors whose donations are not made online. The thank-you note, which is critical to retaining donors, is sent regardless of the size of the donation.

The key to retaining donors to the Peloton Project is a function of retaining Peloton Project members. Without sustained membership in the Peloton Project, the foundation stands to lose individual donors.

The foundation's retention strategies are to send periodic newsletters to all Peloton Project members, highlighting various topics that pertain to the fundraising activities of the Peloton Project and the foundation in general. In addition, foundation merchandise such as T-Shirts, mouse pads, buttons, and stickers are sent to Peloton Project members throughout the year.

POSSIBILITIES FOR GREATER SUCCESS

There are possibilities in all three areas of fundraising — acquisition, retention, and upgrading of donors — in which the Peloton Project — or another like it — could possibly generate even greater success.

First, the way the project acquires new project members and, therefore, new donors, is limited to the time, imagination, and efforts of the regional mentors. It's possible that a strategy that was more centralized at the foundation's national office could expand the growth of project membership.

Second, current retention of donors may be hampered by the lack of a more personalized way of thanking donors. The current thank-you letter is fairly generic. Through the use of some simple technology, the foundation could allow each Peloton Project member to use some of the personal information captured when a donation is made online to create a more personalized thank-you letter.

Like other pledge-raising programs, one of the limitations of this model is that there is no contact between the donors and the project itself. If someone drops off or isn't asked again, there is no chance for renewal. In cases like this, where the project does capture personal information about each donor, it might want to initiate further contact beyond the thank you, such as occasional direct-mail appeals, or reaching out to donors who lapse for whatever reason.

Third — and this is perhaps the area where the Peloton Project could use the most improvement — the project has not put enough energy into upgrading donations. The overall annual fundraising efforts of the project have grown each year, but recordkeeping does not allow the project to know if previous donors have pledged higher gift amounts. Since the real key to establishing a consistent donor base is asking existing donors to contribute more than they did the prior year and to become "thoughtful" donors over time, a benefits program similar to the "Jersey Level" that establishes the benefits for Peloton Project members who raise significant amounts of funds need to be put in place for individual donors.

There are two more major problems with the fundraising activities of the Peloton Project. First, rewards for donations are limited to the Ride for the Roses event, which only occurs once each year. More donors would likely participate if the Ride for the Roses event occurred in more than one city (presently, Austin), and if events were spread across several months. "Franchising" the event to a number of cities around the country would give far more people a chance to ride, which would likely increase donor incentive greatly.

Second, donors are not presented with an option to donate on a recurring basis. The project plans to explore the possibilities of online, periodic credit or debit card donations using readily available and easy-to-implement technology. Such an electronic pledge drive would spread donations throughout the year, allowing donors to potentially donate more than they would for a one-time payment. This simple option could help upgrade current donations significantly. GFJ

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