Grassroots Fundraising Journal

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GIFT
Grassroots Institute for Fundraising Training

Using Planning & Evaluation to Foster Growth at Your Organization

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ON OUR COVER

This is Planet Earth is by Favianna Rodriguez, who very generously gave the *Journal* permission to use it on our cover. From Favianna: "The imagery for this print was inspired by my time in Vancouver in 2009 and explores the themes of collaboration, growth, and community. The person at the lower part of the drawing is holding a life force in her hand and she is making sure it circulates to others in the group."

Favianna makes art about a variety of issues pertaining to the individual, to the community, and to the country. Her art practice serves as a tool for love, education, agitation, and social justice, and we encourage you to check out her amazing work at favianna.com.

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Embracing Change, Moving Forward

By Jennifer Emiko Boyden

IF THERE IS ONE THING I'VE LEARNED in my nine years at GIFT and the *Journal* is that change is inevitable. Changes in people, changes in funding, changes in community needs. Adapting to these changes requires resilience, strength and surrender—an acceptance that change comes no matter how much you don't want it to or how hard you try to avoid it.

Over the years, I've tried to anticipate and embrace transformation—to not be caught off guard when shifts begin to happen. After all, despite how uncomfortable and challenging change can be, the alternatives of stagnation and repeating the same mistakes are even more problematic signs of an unhealthy organization.

We have undergone an evaluation and planning process here at GIFT in recent months. It can be hard to make the time to take a hard look at program impact, mission-alignment, and financial sustainability, but—after getting over our initial resistance to doing it—we actually found it to be a very useful process.

What was most useful for us was not what you might expect. The GIFT staff and board have been working together and talking about our programs (and with program participants) long enough to have a shared sense of which programs are most mission-aligned, which ones have the deepest impact, and which ones could be improved for financial sustainability.

The most important insight that I came away with was that we can't replicate what used to be, nor should we try. There is no reason why programs and budgets should remain as they were when we had different staffing, were operating under a different philanthropic landscape, and were working to address different community needs. These changes—and our ability to adapt to them—are signs of growth.

To support those of you who are ready to delve into similar processes, we have dedicated this issue of the *Journal* to articles on planning, evaluation and budgeting. We open the issue with an article by Rona Fernandez with practical tips for creating and carrying out your annual fundraising plan. Ashley Andersen and Mike Roque of Denver Kids, Inc. follow with a step-by-step guide for planning and evaluating specific fundraising campaigns. Next, Karen Topakian shares how three organizations opened up their strategic planning and evaluation processes to include more perspectives than traditional approaches. Finally, we bring you concrete steps for improving your group's approach to developing a fundraising budget by Dipty Jain and Kate Garroway of Fiscal Management Associates.

We hope these tips and tools will make planning and evaluation easier and a little less intimidating for your group. And while you are developing your plans, don't forget to include the Money for Our Movements Conference on August 2-3, 2014 at Johns Hopkins University. This is the first year we are holding the conference outside of the San Francisco Bay Area, so we hope to see many new faces of folks who haven't yet been able to experience the magic that is Money for Our Movements!

Until then, please don't hesitate to get in touch if you ever have questions about your subscription, accessing the article archive, or ideas for future articles.

Jennifer

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Preparing & Sticking to Your Fundraising Plan

By Rona Fernandez

Attendees at a recent house party in the home of one of Arkansas Public Policy Panel's (APPP) founders. APPP's Development Director Beth Ardapple reminds us that fundraising plans are easier to carry out if they include events like house parties because they are relatively easy to hold, as the co-hosts provide so much of the labor and resources. APPP has raised as much as $8,500 at house parties, which always generate new donors. Photo by Brett Miracle Huie

I SEE IT ALL THE TIME IN MY WORK as a fundraising consultant: a well-intentioned nonprofit staffer creates a lovely, detailed and smart annual fundraising plan. Then six months into the year, when the group hasn't accomplished half of the strategies on the plan nor reached its fundraising goal, the staffer calls me to help figure out what went wrong. When I take a good look at that initial plan that was crafted with such care at the beginning of the year, I usually find the answers. The plan is often based on unrealistic, overly ambitious goals, with too many activities packed in. In other cases, fundraising events and appeals were scheduled in a way that conflicted with major program activities. No wonder the group hasn't been able to get things done on its fundraising plan—the plan itself is so often flawed from the start.

To highlight some best practices in developing fundraising plans, I interviewed fundraising staff at three different nonprofits: Student Action with Farmworkers, which connects young people with farmworker struggles in the Southeastern United States; San Francisco Baykeeper, a grassroots watchdog organization that advocates for a clean and safe Bay; and the Arkansas Public Policy Panel, a statewide group that does progressive community organizing and coalition-building. Each of these groups has its own approach to developing and sticking with its fundraising plan, and each has diverse income streams that include a substantial amount of funding from individual and grassroots sources.

Before I get into how to stick to your fundraising plan, let's ensure that you have a solid plan to begin with. Here is a list of things to think about when creating a realistic and achievable fundraising plan.

1. Plan ahead—and even further ahead.

Many groups make the mistake of creating their fundraising plan after they have set their program activities and calendar for the year. Usually that calendar is so packed with activities that once fundraising is discussed, little time is left in the calendar to do it. Starting the process early on and making it part of your overall organizational planning process makes a big difference. It allows you to spend the time needed to craft a feasible plan, incorporate data from your past fundraising activities, and get input from multiple stakeholders in your organization.

Based in North Carolina, Student Action with Farmworkers (SAF) has a strong grassroots fundraising program, which they begin planning long before the start of each new fiscal year. Executive Director Melinda Wiggins states, "We start our budget and development planning in May [for a September to August fiscal year] so that the board and the staff can look at the plan as well. There are a lot of details I get to add in August and September—I look at past budgets, goals and objectives for the future. It really takes all that time to think about the program piece first, and to ask questions like, 'Did we do well with budgeting last year? What were we off by?'"

2. Involve everyone in creating the plan.
If the main fundraiser for the organization is sitting at their desk composing a grand plan of grassroots fundraising that others are supposed to help carry out without giving input, then the plan is most likely doomed to fail.

At the Arkansas Public Policy Panel (APPP), a statewide organizing and coalition-building group, key staff, board and volunteers came together to create a broad four-year plan under the guidance of a consultant. "Twenty-five people were involved at one point when we were pulling it together," says APPP Development Director Beth Ardapple. They continue to work with their fundraising committee on a monthly basis and review the plan annually.

It is crucial for staff, board, and even key members and volunteers to have input on the plan and reality-check it. Having more eyes on the plan helps to ensure that it coordinates with, or at least doesn't conflict with, major program activities—like the launch of a new organizing campaign—during which staff capacity to do anything more will be low. Ideally, integrating fundraising into these big programmatic pushes is the best way to make sure you are asking your constituents for money in a way that aligns with your mission.

"A lot of our fundraising is program-related, which is great because they are funds that I can count on," says SAF's Wiggins. "The students raise money as part of the program: $20,000 every year."

3. Make broad annual goals (not activities) that can be used to guide your plan.
Creating broad goals is important for when unexpected events or crises come up during the course of the year. These goals will help you decide which activities on your plan you can deprioritize and which ones to make sure you get done no matter what. These goals may also be achieved through various methods and strategies, giving you flexibility later on if something forces you to shift your plan. Some examples of broad annual plan goals may be to raise $20,000 from individuals, recruit 50 new donors, or engage all board members in fundraising, all of which can be achieved by doing mail or email appeals, fundraising events, or by integrating pitches into your existing public events. The activities on your plan should flow directly from these goals.

Five Steps to Carrying Out Your Plan

Now that you have a strong plan that board and staff are ready to help implement, how do you make sure that you carry out the activities on your plan in a timely fashion, given everything else your group is doing? Here are five steps for sticking to your fundraising plan and achieving the goals you set at the beginning of the year.

1. Create a fundraising team or committee.
Just as your group might have a leadership team or a campaign team, a fundraising committee can widen accountability to all parts of the organization and keep you on track with your plan.

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At APPP, the fundraising committee of seven people, made up of representatives from the board of directors, 501(c)(4) steering committee, staff, and volunteers, meets monthly. "That monthly meeting of the fundraising committee has held me, as the development director, accountable for getting the legwork done," says Ardapple. "So when we come to the next meeting we've done what we said we were going to do. With grant work, you've got deadlines, you've got stuff pushing you, and I think you need someone pushing you on each thing that you say you're going to do to hold you accountable."

The committee is also a ready-made source of people-power to carry out your plan as well as to brainstorm strategies when you need to adjust your plan (see number 2 below).

2. Keep your team's spirits (and skills) up.
It's not enough just to get a great group of folks together to carry out and track your fundraising plan. They need support, just like any group of volunteers do, to be successful. This doesn't have to

be extremely labor-intensive, but it does require work. First off, this team is doing something—fundraising—that can be psychologically challenging as well as isolating. They may be afraid of asking for money or may not feel confident in their abilities. So inspiring and motivating them is the biggest part of keeping your team strong.

"I'll ask program staff to stop by at the fundraising committee meeting and tell them a story about what's going on in the field—some challenge, some accomplishment," says Ardapple. "They're not just doing the work to bring in the money, but they get to see the impact it has."

IT IS IMPORTANT FOR YOUR TEAM TO UNDERSTAND HOW WHAT THEY ARE DOING FITS INTO THE BIG PICTURE BY SHARING FINANCIAL INFORMATION ABOUT YOUR FUNDRAISING GOALS, INCLUDING YOUR ORGANIZATIONAL BUDGET AND WHAT PROGRAMS COST.

Ardapple also has taken advantage of the affordable webinars that GIFT regularly offers to train her committee members and help keep their skills sharp. "They just loved [the GIFT webinar]. They talked about it for months—it helped keep them inspired and motivated."

In order to help your group carry out its plan and be able to give useful feedback, it is also important for your team to understand how what they are doing fits into the big picture. This means sharing financial information about your fundraising goals, including your organizational budget and what programs cost, so that they can explain this information to donors as needed. This will help reassure them that their work is making a difference.

"Our fundraising committee knows that what they are raising is 10 percent of the [organization's] budget," says Ardapple. "To keep that from seeming like it's not very significant, I make it very clear and say over and over again that, for example, this house party we had that raised $1,000—somebody came to that party and contacted us later and made a $3,000 or $7,000 donation. The committee is working to raise $80,000 this year, but there's another $40,000 that is indirectly coming in from their work. And I remind them that when you build a base of donors, you have a lot of people give $25, but there are people that are going to emerge from that base that are going to make bigger donations."

3. Work your plan, but be flexible.

Even the best-laid plans are bound to get sidetracked by the unexpected—a board or staff member leaving the organization or a major program opportunity arising that requires heavy staff time. But if you keep your big annual goals in mind at all times, there are usually ways to work through these surprises without throwing your entire plan off course.

"What we try to do is to build in enough flexibility in the fundraising plan to allow us to be able to react when there's a program need that comes up," says Eliet Henderson, development director at San Francisco Baykeeper. "A small example is when there's a need for an action alert [about our program], we may be busy, but we try to be flexible enough to do it. But it's helpful for us too because everyone who gets involved with us through an action alert are potential donors, or if they are already donors, then it strengthens their relationship with us."

Especially if your organization has other types of funding that operate on hard deadlines that cannot be changed (i.e., foundation or government grants), it can be difficult to do everything on your plan exactly the way you thought you would. At the same time, if your overall plan goals are realistic, it is important to do your best to still meet them.

"It's always easier to push back on things that aren't on deadline [the way foundation fundraising is]. For example, if we have a fundraising appeal scheduled for this week, we can push it off, but at some point it has to get done." SF Baykeeper's four-person development staff team has a shared department calendar with deadlines for both individual and foundation fundraising. Henderson also says that calendaring out all the steps that lead up to a big activity, such as mail appeal or event, is crucial. Breaking these large activities down into smaller tasks makes the work more manageable and your timeline for carrying them out more realistic and less likely to be pushed back.

Another common scenario is that an organization's fundraising plan is overly ambitious, despite its best efforts to reality-check the plan at the beginning of the year. When it is time to put things into action, board, staff and volunteers freeze up and say, "We can't do that!" If this happens to you, engage these same naysayers in coming up with an alternative to meeting the objectives of a particular strategy.

For example, if you planned to do a major donor drive, and all of a sudden a big organizing campaign event has taken over the team's capacity and momentum, ask them, "Okay, what are we going to do?" Let them help you come up with a solution, whether that be to scale back the donor drive, integrate it into the campaign event (for example, by calling major donors to turn them out for the event but also to ask them for a meeting), or reschedule the drive completely. Taking this approach increases your fundraising team's accountability to your plan, and keeps the work moving forward.

"Sometimes you just assess [the unexpected challenge] and put it in the parking lot until you can figure out what to do about it," says Ardapple. "For example, we didn't get as many new donors this year because it's going to take more activities than we had planned. This is an issue we have to deal with. We've grown our donor base one-by-one through personal contact, and we're thinking this isn't going to work. So what we've decided is that at the end of this year, we're going to develop a new strategy, but we had to set it aside for now because we had other activities in the works."

4. Don't freak out if something goes wrong.
The best thing about a plan is that it can be your anchor, even when things go wrong. I have seen organizations deal with major crises—the unanticipated departure of an executive director or other key staff member, for example—and come through it because they had a strong plan in place and were able to adapt that plan to fit the new situation. You can't plan for everything, but you can plan as much as possible and know that some things are just not going to go your way. And that's okay.

"I still freak out," says SAF's Wiggins about the stress that comes with working a fundraising plan and still not knowing if the budget will be met. "But we have our [funding] reserve, and we have a plan….The only thing that gets me through sometimes is that we have a plan, and knowing that if things work out all right then we are going to meet or exceed budget."

5. Evaluate your plan at the end of the year—then start again!
Eventually, you will get to the end of the year when it is time to give your team a pat on the back and collectively take a look at how you did throughout the year. This evaluation is crucial to the next step: coming up with a new plan based on new information and doing the whole thing all over again.

But hopefully, this time, you will be a little bit wiser, and your next plan—and its implementation—will be even better. ■

Rona Fernandez is a senior consultant with Klein & Roth Consulting.

Denver Kids, Inc. Educational Counselor, Kathy Hayes, with students working on gratitude cards for multi-year donors to the organization. Photo by Michelle Maldonado.

Planning & Evaluating a Fundraising Campaign

By Ashley Andersen & Mike Roque

MOST ORGANIZATIONS ARE GOOD about creating a 12 to 18-month fundraising plan. But few organizations actually implement their plan, evaluate their successes and failures, and make adjustments to improve. The following article highlights some practical tips for planning and evaluating your fundraising activities, which we have learned from years of trial and error. Hopefully these tips will help prevent you from making the same mistakes year after year.

Planning a Successful Fundraising Campaign

1. Make sure the executive director knows the plan and their role.

Some executive directors are actively involved in creating the organization's fundraising plan. Others rely on their development director or other development staff to create the plan and then give it a cursory review without really understanding the ins and outs deeply. It is critical that the executive director not only understands the plan, but also is able to articulate the plan and their role in it to the board, individual donors, foundations, and internal and external constituencies.

The executive director does not have to carry out the plan, but they must be conversant with the overarching goals and direction. They must be the evangelist of the plan. The director of development must be the conductor of the plan and oversee its implementation, including ensuring all the development staff members understand their roles. The executive director should be seen as the Mariano Rivera (a former New York Yankee pitcher with a career record of 652 game saves) of fundraising—they should close the big ask.

2. Get buy-in from your board.

It is very important to have the board of directors sign off on the plan. One of the primary responsibilities of the board is to ensure the financial health of the organization. Approving the fundraising plan is part of that role.

Some organizations have a fundraising subcommittee of the board. It is important that the committee be a part of developing the plan, but the full board should not abdicate its responsibility in approving the plan and helping to carry it out.

There should be a specific line item in the budget that the board is personally responsible for raising. If you really want to create accountability for fundraising from the board, start every board meeting by going around and having each board member say how many face-to-face asks they made since the last board meeting.

3. Get a fundraising team together.
In many organizations, fundraising is often conducted by one person—the overworked, overwrought, and overstressed development staff person. Just as an organization can become dependent upon one or two sources of funding (usually a large foundation grant), it can also become dependent upon one person to carry out all the fundraising work.

There is a reason for the high turnover in development staff. They are responsible for making sure everyone gets paid and are often seen as doing the "necessary evil" work of raising the money, while the programmatic staff carry out the "real" work of the organization. Fundraising should be seen as equally critical as programs in the success of the organization. In fact, the programmatic work will not get done without the resources to make it happen.

Because of this critical responsibility, an organization should have a team of people who conduct fundraising work. This team should be made up of development staff, executive team members, board members, committee members, and other key stakeholders. Two people should be able to carry out every aspect of the plan, such as being able to pull reports from the donor tracking system. This will help ensure that all functions of the organization can carry on if someone is lost or temporarily unavailable.

4. Manage your committee volunteer chair.
Many organizations have a volunteer committee chair for the fundraising committee. Volunteer committee chairs can be your best friend or your worst nightmare. It is important to know how to effectively manage your fundraising chair. You, as the development staff, need to have a clear chair job description and select your chair by their skill level, willingness to work, and how well you can work with them.

Some of the responsibilities in the chair job description should include:

- a belief in the vision and mission of the organization;
- making a personal contribution that is significant (if not the largest donation they give);
- making individual face-to-face asks;
- facilitating committee meetings; and
- holding committee members accountable.

Make sure your chair has a clear understanding of their role, follows through on their assignments, and works well with other committee members. In order to have clear lines of communication between board and staff fundraising, it is also important that you have regular check-ins with your chair. At your check-in, you should go over to-dos, review agendas for committee meetings, and identify any adjustments needed for the fundraising plan.

5. Match staff skills to roles while exposing them to new responsibilities.
If you have a development team, it is important to match their job descriptions to their skills. But, you should also expose staff to new responsibilities and give them an opportunity to grow. For example, if you have someone whose primary responsibility is to write grant proposals, you can also give them a portfolio of individual donors to meet with and make asks. Exposing your development staff to other areas of the development process will often unearth new talents from your staff and ensure that at least two people can perform any development function.

Evaluating Your Fundraising Campaign

Here are some key questions to ask yourself when evaluating your fundraising campaign:

Did you raise the money?
Obviously, the clearest indicator of your plan's success is whether you met your initial fundraising goal. However, reaching the monetary goal does not mean that you successfully executed the tactics and goals laid out in your plan. Analyzing the strengths and weaknesses of each tactic will better prepare you for the next campaign. The plan should be utilized as a dashboard and learning tool just as much as it serves as an annual framework for development activity.

Fundraising isn't as black and white as one might think. It is not just about hitting your annual revenue targets. You may be 20 percent over your projected budget this year, but unless you are actually employing smart and adaptive strategies, your surplus isn't likely to return again next year. By remaining focused on the mission, infrastructure, and sustainability of the organization, you are far more likely to be able to provide consistent and accurately forecasted results year after year.

Take some time to review the plan and outcomes with everyone that had a stake in its execution. This provides invaluable feedback and also instills a sense of ownership and accountability for those involved. An end-of-year retreat is effective if you come armed with lots of data and feedback. An anonymous donor survey is particularly helpful in gathering critical insight and perspective. It will provide you with a more qualitative analysis of your plan. (For more information on donor surveys, see "Using Surveys to Strengthen Donor Relationships" by Stephanie Roth from the May-June 2013 *Grassroots Fundraising Journal*.)

Who did the work?
This incredibly important question is often overlooked. Try to allocate percentages of time and/or revenue to staff members and volunteers, and then measure this throughout the execution of the

plan. Take note that several people play a role in a major ask, so be sure to give recognition to those who prepare the executive director to make large asks. Include comprehensive measures to paint a true representation of their scope of work (e.g., the asks made by the executive director are responsible for 70 percent of this year's annual revenue, or, the development officer did 90 percent of the legwork in preparing for the ask).

Also, staff should look at their calendars, and reallocate duties if they notice they are particularly swamped during a certain time of year. You will get higher productivity and better results if work flow is balanced throughout the year. Bring in additional resources from volunteers and the board when needed.

In larger departments with several gift officers, a self-conducted time study, where you track every 15 minutes of your work schedule, can be extremely beneficial in understanding the workload and workday of your staff. There are now free apps that are available to make this easier. The results will drive future development plans and explain the outcomes of the current one.

What were the keys to your success (or lack thereof)?

Break down the results into sound bites, especially when reporting to the board. Be a cheerleader for the tactics that served you best, realizing that these may not be directly tied to generating revenue. Did you bring on a new administrative person to support your gift officers? Did you implement new donor tracking software? What is often considered overhead by the governing bodies of the organization can play a monumental role in the success of your development plan and revenue growth. Again, use the evaluation of the plan to educate your board and executive director and, in turn, garner support for future plans.

We can fall short on a development plan in lots of ways. Rarely will you see a plan that was executed to the fullest in every way. In the areas that were less successful, infrastructure and capacity are the important factors to consider. Was the plan too lofty? Were you planning outcomes in 12 months that realistically needed 24? Did you adequately prepare and support your staff and volunteers? We should challenge ourselves with ambitious goals but not to the point of setting ourselves up for failure.

Return on Investment (ROI)

You need to analyze each strategy to ensure that the amount of the time (both staff and volunteer) and resources put into a fundraising strategy is actually raising more money than it is costing the organization. Often, organizations conduct fundraising activities (such as special events) that lose money when you factor in the time and resources put into the event compared to the amount raised from the event. Every strategy should be analyzed for efficiency and effectiveness, and should maximize the return on investment.

How did the fundraising team work?

In reality, every small to medium development department should be looking at the organizational chart and job descriptions of staff on an annual basis. These should be adjusted to fit the annual development plan, not the other way around. Staff exist solely to execute the plan so adjust their responsibilities as necessary.

The same is true with volunteers and the board of directors. Annual performance reviews or check-ins should be administered to increase accountability and develop a high-functioning team. We have found that many of these ad-hoc fundraisers prefer quarterly or semi-annual report cards to measure their progress throughout the year rather than be surprised at the end of the fiscal year when it is too late to adjust. In order for them to best support the development plan, you have to support them. This includes letting them know when they are falling behind or doing an extraordinary job.

It is far better to have 5 really great players than 20 mediocre players. If the skill set of your volunteers is not working to push forward your development campaign, find other areas of the organization where they can work.

What are you going to do to change your outcome?

Do not be afraid to recreate the mold. Everything in this world has a life cycle and the same holds true for your fundraising strategy. If the current development organizational chart doesn't work, change it. If your event is tired and uninspiring, cut it. Weigh your pros and cons and the feedback from others, and be prepared to make bold changes to how things have been done in the past. We often get so comfortable in our boilerplate language and annual development calendar that we don't think about new ways to attract revenue and donors. That being said, if it's not broke, don't fix it. Thoughtful and intentional evaluation will help you change your outcomes to better serve your organization and community.

Evaluating for Sustainability

Development is a stressful and difficult job that is often underappreciated in the nonprofit world. A good development team gives programmatic staff the resources they need to create the change your organization is working toward, and fulfill its vision and mission. Annual evaluation of your development activities is critical to ensure the most efficient and effective use of staff and volunteer time. By doing so, you will not only make development a little easier, but also create a more sustainable fundraising culture and team within your organization. ■

Ashley Andersen and Mike Roque are senior development officer and director of development & communications, respectively, for Denver Kids, Inc. Together, they have over 30 years of experience in nonprofit development. Denver Kids, Inc. just realized a 28 percent growth in revenue.

Participants of California Rural Legal Assistance's strategic planning process hard at work. Photo by Teresa Santiago

Marrying Mission with Strategic Planning & Evaluation

By Karen Topakian

PEOPLE SERVE ON AN ORGANIZATION'S BOARD of directors because they have a passion for the group's mission and vision, not because they love strategic planning. But strategic planning falls squarely in a board member's lap of responsibility. Fortunately, board members can share their laps with people outside of senior management to include other staff members and constituents.

Two organizations on two coasts—Rhode Island Coalition for the Homeless and California Rural Legal Association—both found successful and innovative ways to include more voices in their strategic planning processes. A third organization chose a participatory method to evaluate their programs. What follows are some of their best practices and tips for making organizational strategic planning and evaluation as inclusive and effective as possible.

Rhode Island Coalition for the Homeless: Inviting Constituents to the Planning Table

The Rhode Island Coalition for the Homeless, a 25-year-old statewide member-driven organization that pursues solutions to homelessness, started their strategic planning process with a Capacity Building Pilot Project grant from the Rhode Island Foundation. The grant provided funding to hire an organizational development consultant. The Coalition selected Gayle Gifford, ACFRE, co-founder of Cause & Effect, to lead the organization through the process.

Since an integral part of the Coalition's proposal included reaching out to constituents and raising their voices, Gifford advised them not to adopt a top-down approach to planning but to include constituents in the planning process.

Though 3 of the 10 staff members have experienced homelessness along with 5 of the 23 board members, the Coalition's Executive Director, Jim Ryczek, wanted to bring even more homeless constituents into the organization's governance. Ryczek aspired to do so since he started at the Coalition in 2006. Bringing these voices into the planning process started the organization on that road.

THOUGH THE COALITION HAD A LONG HISTORY OF WORKING WITH CONSTITUENT GROUPS, THEY DIDN'T ALWAYS GIVE THEM A SEAT AT THE TABLE.

To insure participation by a broad spectrum of the community, the Coalition formed a steering committee comprised of board members, staff and constituents. This group held a brainstorming session designed to think about the best people to serve on three Learning Groups:

1. Ending homelessness in Rhode Island;
2. Building a stronger coalition; and,
3. Meaningful constituent involvement.

All staff members and most board members served on a Learning Group.

The Coalition urged steering committee members to reach out to their networks and think beyond the geography of the greater Providence area with a goal of identifying 20 to 30 people per Learning Group. Committee members issued invitations to join the Groups followed by phone calls to discuss the Group's intent. In the end, 15 to 18 people signed up to participate in each Group.

The outreach effort didn't end there. "Each of the Groups had a list of groups to invite to broaden their perspective, to broaden the topic," said Ryczek. The Learning Groups met monthly for a year. All three Groups limited their meetings to 90 minutes. The funding allowed the Coalition to hire a consultant to facilitate a Group and provide technical support and accountability.

Before the planning process ended, the Coalition decided to start living up to their principles of including constituents in their governance by forming the Community Advisory Committee (CAC). The CAC, comprised of homeless and formerly homeless constituents, advises them on their programs, policies, advocacy, legislation, and organizing efforts. The CAC continues to meet every other week at the Coalition office.

Not everyone involved in the planning process felt comfortable including constituent voices. "We got a lot of flak for asking constituents. It's the whole charity (thing), 'We're giving them something, how dare they question (it),'" said Ryczek, whose staff already worked with constituents in other capacities. He said some people's criticism seemed to imply, "Those few homeless people (in the CAC) can't speak for all homeless in the state." Ryczek countered with, "They certainly do have a right to talk about the experience of homelessness."

In the end, the Coalition's board approved formation of the Community Advisory Committee. "I needed the backing of my board, and I got it," said Ryczek whose board includes community allies and community service providers. "It made us be mission driven." The Coalition's mission includes "pursuing cooperative and collaborative solutions to the problems of housing and homelessness."

Though the Coalition had a long history of working with constituent groups, they didn't always give them a seat at the table. "The whole strategic planning cemented the constituent voice," said Karen Jeffreys, associate director.

During the planning process, the Coalition took the next step in expanding their outreach to constituents by agreeing to serve as the fiscal agent for a grassroots organization of currently and formerly homeless people, the Rhode Island Homeless Advocacy Project (RIHAP). According to Ryczek, the two organizations "hammered out an Memorandum of Understanding, which delineated roles and how we wouldn't interfere with their governance and decision-making process." RIHAP initially intended to stay with the Coalition until they received their own tax-exempt status, but they still remain with the Coalition today.

Coalition staff members and interns attend RIHAP's weekly meetings. RIHAP members serve on the Coalition's Community Advisory Committee and attend their board meetings. "We all view [RIHAP] as a peer organization that has an important voice. They can be more direct and radical in their approach. We can't go to the lengths that RIHAP can," said Ryczek, who recognizes the need for the Coalition to maintain good relationships with the governor or members of the Rhode Island General Assembly.

RIHAP's first major victory was winning a statewide Homeless Bill of Rights, the first in the country. According to Jeffreys, RIHAP's partnership with the Coalition was invaluable in providing resources and time to win this campaign.

In addition to focusing on strategic planning, Gifford, the Coalition's organizational development consultant, raised the issue of fundraising. Though they hired a fundraising consultant to help raise funds, Ryczek listened to Gifford's advice that fundraising work must be done internally. "In the end, it's our board president and I who need to build relationships with donors," said Ryczek.

Ryczek readily admits he used to think that since the Coalition's work and the issue of homelessness often appear in the news, people would just give. "Gifford would say, 'Have you asked them [for money]?'"

The Coalition currently wants to turn the 6,000 people who have expressed interest online by becoming a "fan" on Facebook, following them on Twitter, or signing up for action alerts on the website, into donors. "How do you change them from interested in what you do to supporters of what you do?" asked Ryczek.

Upon reflection, Ryczek offers a few words of caution to those about to undertake a participatory planning process: "Don't underestimate the time investment, from an energy perspective. We are all accustomed to doing tasks, but you need time to think and retreat." He also suggests finding a consultant who is well versed in organizational culture to keep you on task with clear outcomes.

California Rural Legal Assistance (CRLA): Creating Space for Clients, Staff and Board in Planning Processes

Mike Courville, director of community programs and development at California Rural Legal Assistance, Inc. (CRLA), said they started their planning process "after he held up a mirror to his executive director, Jose Padilla, to show him where he'd seen potential growth areas in finance and development." That action brought attention to what Courville refers to as "potential areas of misalignment," which included competing mission and vision statements.

From that revelation, Courville began what he prefers to call enhanced planning, which he describes as, "distinct from strategic planning. It's more about analyzing the organization to see where to grow, to see where you want to be in 5 to 10 years."

According to Courville, money became the primary driver behind their organization-wide planning process because the federal grants they received kept decreasing. "Fundraising was the initial impetus for possibly making changes," said Courville. "The driver was about organizational sustainability."

Courville knew that CRLA, which fights for justice and individual rights alongside the most exploited communities of our society, needed to complete a few more steps before it could increase its fundraising capacity. "Fundraising is first about good strategy and good planning," said Courville. "If you want a large development department, it has to be tied to planning, to well-articulated programs and mission. Development is about building upon existing strengths."

CRLA Executive Director Padilla led the process, which included hiring consultants through a James Irvine Foundation grant. Padilla also hired a coach to help with internal leadership development. Courville knew that the enhanced planning process would include "lots of challenges and progress because you're asking folks to think and act differently." When asked about the experience, Courville says, "We were in a renewal state."

Courville and Padilla formed three groups to accomplish the work:

1. a strategic planning group that included program and litigation directors, every senior director as well as some directors from their 15 plus regional offices, board members, and clients;
2. a group of all 160 staff members who provided input on the new mission statement; and
3. a subset of board members and clients who worked on crafting a new mission statement.

Outside facilitators conducted the strategic planning group's daylong meetings. The group met before or after board meetings approximately every month for two years. They dedicated one entire meeting to discussing structural changes addressing supervision and management, including exploring the idea of creating regional director positions. This group also created CRLA's Theory of Change, and reviewed and sent out the newly crafted vision statement to the entire staff and board.

According to Courville, CRLA would have preferred to include the input of more board members and community members in the planning process, but that would have required more work and energy than the staff could provide. However, the final decision on the mission, vision and theory of change fell to the entire strategic planning group and full board.

Courville, the consultant, and Padilla conducted some work in small groups outside of the main planning group. In between meetings, staff only handled clerical tasks. "If it weren't done in full groups, it wouldn't be trusted," said Courville. "There was a fear that someone would be left out."

At the end of the long process, Courville says "We developed new leadership, new voices."

LA CAUSA YouthBuild: Training Students to Evaluate their High School

Before LA CAUSA (Los Angeles Communities Advocating for Unity, Social Justice, and Action) YouthBuild, a Los Angeles-based nonprofit organization and social justice charter high school, could start its strategic planning process, it needed to evaluate its programs. But they couldn't evaluate without outside help.

In the spring of 2011, help arrived in the form of an invitation from a professor at the University of Southern California's Annenberg School for Communication and Journalism. The professor, Barbara Osborn, asked LA CAUSA to serve as a partner organization in a doctoral seminar in community-based participatory research.

LA CAUSA and several other organizations accepted Osborn's invitation to present their needs to her students. Tony Bautista, sustainability director at LA CAUSA YouthBuild, presented his organization's need to develop a report that outlined his program's strengths and weaknesses. He would use the results to move their strategic planning process forward and to report back to funders.

"We matched our interests with what the organizations had to say. We worked with the lead person who showed up at class. In my case, two other students, Stephanie Dixon and Robin Bishop, were interested in LA CAUSA, too," said Evelyn Moreno, a student in the class who wanted to help LA CAUSA fulfill its needs and experience a successful community partnership.

Bautista embraced the opportunity to work with the three researchers. He invited them into LA CAUSA to learn about its culture and programs.

"We met with Bautista to find what he wanted to learn," said Moreno. "He had a sense of what was working, but it was not quantifiable."

The researchers framed their methodology based on Bautista's question: Are LA CAUSA's current resources and practices producing the intended and desired YouthBuild program outcomes? Moreno drew on her own experience working with focus groups and qualitative methods in the project.

The three graduate students looked at how YouthBuild worked with low-income high school students to help them rebuild their lives and communities. The researchers started their inquiry process with the five-student member leadership group. After talking with these high school students, the researchers designed a pilot together—a simulated focus group. Then they tested the simulation on the student leaders.

"From there, [the high school students] gave us their feedback: 'change this; we didn't understand that,'" said Moreno, who used the feedback to test the protocol and make adjustments.

After the researchers felt confident with their model, they trained the student leadership group to conduct focus groups themselves. "[The students] were able to administer the focus groups amongst their peers," said Moreno, who thought LA CAUSA students would show greater openness to their peers than to the researchers. Out of an average class size of 50, the 5 student leaders reached 16 YouthBuild students.

This duplicating effort provided the researchers with more answers, information, and a wider range of opinions.

Moreno and her colleagues encountered challenges while formulating their research process. "We started with big questions," said Moreno. "When we came to our senses, we had to scale down." They wanted to dive deeper but didn't have the time to do so given the confines of an academic calendar.

The researchers also learned about the challenges facing nonprofit organizations. "It's complicated to work with organizations that are limited in time and in cash," said Moreno. "They are so busy that doing something like this project is difficult for them."

She and her fellow researchers appreciated the time and effort that Bautista put into the partnership with them. Moreno advises partnering organizations "to definitely have one person or more dedicated as point people to work with the researcher because it's important to have constant partnership. There has to be a commitment on both ends to have trust in the research partnership."

She advises researchers, "Try to tackle things they think they can achieve by the deadline; be mindful of the organization as a whole, not just the component they are working on; and try to have a holistic approach."

Moreno's relationship with Bautista and LA CAUSA continued beyond the confines of the research project. Last year, he invited her to train another cohort of students to conduct focus groups, this time on food justice issues.

All three of these social change organizations chose to search for new voices in their planning and evaluation processes. They chose the voices of those affected by their programs that are rarely heard and frequently ignored: the poor, immigrants and students. In doing so, they chose to improve their organization's effectiveness and to stay true to their mission. ■

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Want to learn more about inclusive planning processes?

Check out these and other articles in the *Journal* archive at grassrootsfundraising.org/archive:

***The Fundraising Summit: Creating a Shared Vision* by Ari Wohlfeiler**

***Strategic Planning: When Aren't You Ready?* By Karen Simmons**

***Shaping the Future: Fundraising Evaluation to Build Capacity and Involvement* by Judy Levine**

Five Steps to Developing a Better Fundraising Budget

By Dipty Jain and Kate Garroway

WITH THE NEW YEAR APPROACHING, many of us are thinking about personal goals, resolutions, and new projects. This is the perfect time to apply some of this self-improvement thinking to your organization's approach to budgeting for fundraising.

It may be tempting for nonprofit leaders to focus solely on the revenue generating aspect of development. But taking a comprehensive look at the expenses associated with raising funds for your organization's mission—and coordinating this process with programmatic and administrative budgeting—will reap long-term rewards. In Fiscal Management Associates' (FMA) work with thousands of nonprofits across the country, we have found that organizations that follow these five budgeting principles realize improvements in financial sustainability, staff communication, and the ability to tell their unique story through financials.

1. Make budgeting a team effort.

Ensure that development has a seat at the financial planning and budgeting table. Budgeting is often considered an unenviable task for the finance staff with development staff asked to only provide revenue estimates. The simple step of involving your development lead in the full budgeting process will increase their comfort level in explaining your organization through numbers. That is really what a budget is—an organization's plan for executing its mission quantified in dollars.

A strong budgeting team is typically led by the executive director with support from a finance or operations staff person (if an organization has one), and rounded out by development, program, and other departmental directors. The annual budget development process begins with a team kickoff meeting, culminates in a board-approved budget, and continues with budget-to-actual monitoring throughout the fiscal year. See the sidebar on the next page for a step-by-step guide to share with the leaders of your budget team.

2. Start your budgeting process by projecting expenses.

Projecting expenses helps team members focus on what the organization *wants* to accomplish rather than what they feel can be done given anticipated funding constraints or what the organization typically does each year.

Divide expenses into two categories—annual costs and one-time investments. Projections for ongoing costs like web design, supplies, and donor cultivation should be based on reliable historical financial data as well as relevant information about future activities such as your annual fundraising plan. Projections for annual costs like these should be made for each program, development, and administration.

One-time or new expenses that are not currently in place such as a new donor database or additional staffing fall into the category of longer-term investments in infrastructure. Some may find their way into this year's budget, some onto a wish list for the future, and, occasionally, some may become part of a capital project budget. The beauty of the team-based approach is that your desired infrastructure investments can be coordinated with outlays in other areas to maximize efficiencies (e.g., upgrading to compatible accounting and fundraising software at the same time). Large costs can also be staged out over a few years to spread expenditures out over time.

Do you have a strategic plan in place? Don't forget to include any costs associated with fundraising-related goals and initiatives.

3. Estimate revenues.

This piece of the budgeting process is probably the most familiar. But predicting the somewhat unpredictable is still a big task. To make revenue projections more productive and less painful, we go back to the principle of using reliable past financial data (where have we been?) and information about future activities (where are we going?) to make realistic predictions.

For grants, differentiate between committed funds and pending proposals, using your knowledge of the funder relationship and specific proposal to estimate the likelihood of success for each pending application. For individual donors, you can estimate the volume of funding by donor category (major donors, special events, members) based on number of donors and average gift amount in previous years. You should also factor in any change in attendance, giving levels, or total donors implied by the coming year's fundraising plan.

Developing a Budget One Step at a Time

1. Assemble a Budget Team
2. Create a Budget Calendar
3. Prepare for and Conduct Budget Kickoff
    a) Set financial goals
    b) Gather data and build budget template
    c) Conduct team kickoff meeting
4. Draft the Budget
    a) Forecast current year results
    b) Budget expenses and revenues
    c) Assemble the organization-wide budget
    d) Secure board approval
    e) Forecast cash flow
5. Monitor the Budget
    a) Create mid-year revision if necessary

For more info go to wallacefoundation.org/knowledge-center/Resources-for-Financial-Management/Documents/A-Five-Step-Guide-to-Budget-Development.pdf

This data-based approach is helpful if there is pressure from the team to change projections. You can easily model suggested changes and what it would take to get there (e.g., X more new members each month, Y more gala attendees).

Finally, remember to include in-kind revenues (and matching expenses). And don't forget to ensure projections reflect any strategic plan revenue goals!

4. Match revenues to expenses.

While this may seem like an obvious step, it is where we often see the budgeting process break down. The budget team members have all contributed their best-case plans for the year expressed in a program/department expense budget and may feel like slinking away and letting the budget lead put the whole mess together. Yes, the budget lead will do the heavy lifting, compiling development, program, and administrative budgets into an organization-wide annual budget draft. But it is important for the team to stay engaged and work through the often iterative process of reconciling projected revenues to anticipated expenses.

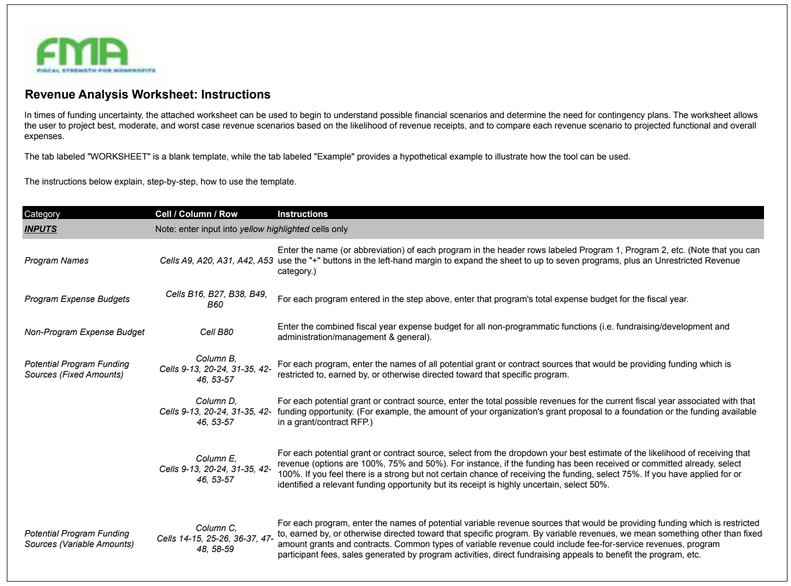
Development has a special responsibility in this process: tracking donor restrictions on when and for which program(s) funds can be used. This means knowing whether that $15,000 pledge is intended for the coming fiscal year or is meant to be spread across three years, and whether it must be spent only on advocacy or training activities. The team will look to development to track restricted revenues and associated expenses. On the revenue side, you should maintain both the annual budget perspective (how much revenue will we have for use this fiscal year?) and the cash flow perspective (when is that grant expected to arrive?).

On the team level, this is when you might have to start making tough choices and cutting expenses. Cutting expenses is never fun. But this is where the power of the team and advance planning comes into play. Talking through contingencies now in a thoughtful, strategic way is guaranteed to have better results than waiting to make important decisions quickly in a time of stress.

Scenario Planning

Here is a step-by-step guide to scenario planning for the team to use to match revenues to expenses and start the conversation around potential changes to the draft budget:

- Use the **revenue projections** developed in step 3.
- **Play out three different scenarios for uncertain revenues** across three columns with a "best case" picture, a most likely or "baseline" estimate, and a "worst case" in which most revenue categories underperform.
- Enter your full, **organization-wide expense budget** in each column.



Revenue Analysis Worksheet: Instructions

In times of funding uncertainty, the attached worksheet can be used to begin to understand possible financial scenarios and determine the need for contingency plans. The worksheet allows the user to project best, moderate, and worst case revenue scenarios based on the likelihood of revenue receipts, and to compare each revenue scenario to projected functional and overall expenses.

The tab labeled "WORKSHEET" is a blank template, while the tab labeled "Example" provides a hypothetical example to illustrate how the tool can be used.

The instructions below explain, step-by-step, how to use the template.

Category	Cell / Column / Row	Instructions
INPUTS	Note: enter input into *yellow highlighted* cells only	
Program Names	*Cells A9, A20, A31, A42, A53*	Enter the name (or abbreviation) of each program in the header rows labeled Program 1, Program 2, etc. (Note that you can use the "+" buttons in the left-hand margin to expand the sheet to up to seven programs, plus an Unrestricted Revenue category.)
Program Expense Budgets	*Cells B16, B27, B38, B49, B60*	For each program entered in the step above, enter that program's total expense budget for the fiscal year.
Non-Program Expense Budget	*Cell B80*	Enter the combined fiscal year expense budget for all non-programmatic functions (i.e. fundraising/development and administration/management & general).
Potential Program Funding Sources (Fixed Amounts)	*Column B, Cells 9-13, 20-24, 31-35, 42-46, 53-57*	For each program, enter the names of all potential grant or contract sources that would be providing funding which is restricted to, earned by, or otherwise directed toward that specific program.
	Column D, Cells 9-13, 20-24, 31-35, 42-46, 53-57	For each potential grant or contract source, enter the total possible revenues for the current fiscal year associated with that funding opportunity. (For example, the amount of your organization's grant proposal to a foundation or the funding available in a grant/contract RFP.)
	Column E, Cells 9-13, 20-24, 31-35, 42-46, 53-57	For each potential grant or contract source, select from the dropdown your best estimate of the likelihood of receiving that revenue (options are 100%, 75% and 50%). For instance, if the funding has been received or committed already, select 100%. If you feel there is a strong but not certain chance of receiving the funding, select 75%. If you have applied for or identified a relevant funding opportunity but its receipt is highly uncertain, select 50%.
Potential Program Funding Sources (Variable Amounts)	*Column C, Cells 14-15, 25-26, 36-37, 47-48, 58-59*	For each program, enter the names of potential variable revenue sources that would be providing funding which is restricted to, earned by, or otherwise directed toward that specific program. By variable revenues, we mean something other than fixed amount grants and contracts. Common types of variable revenue could include fee-for-service revenues, program participant fees, sales generated by program activities, direct fundraising appeals to benefit the program, etc.

A helpful worksheet that your budget lead can use to organize this data and support the team's discussion can be found at wallacefoundation.org/knowledge-center/Resources-for-Financial-Management/Pages/Revenue-Analysis-Worksheet.aspx.

- **Analyze the bottom line**—is there a surplus, break-even result, or deficit in the best-case column? Ask the same question for the other two columns. Remember to consider the organization's multi-year strategic plan and annual goals: What is the organization aiming for this year? Is a surplus necessary to stay on track with long-term goals? Is there a compelling reason to draw from operating reserves and incur a small, planned deficit this year?
- **Prioritize potential cuts if necessary.** Discuss and agree upon which expense line items could potentially be reduced, eliminated or accomplished in a different way or at a different time. If cuts are not necessary now but may become necessary if pending revenues do not reach certain targets, then set "milestone" dates when decisions must be made or pre-determined cuts must take place.
- **Finalize the budget**, engage the board in a discussion about budget assumptions, and secure the board's approval in advance of the start of your fiscal year.

5. Monitor the budget: make sure you can see the forest and the trees.

We are working with a conservation organization right now on quantifying their strategic vision in dollars. Their programming goals are very clearly spelled out and include planning and maintaining the forest and monitoring the trees in their region. While few organizations have such a convenient reminder, we could all do well to remember the old "not seeing the forest for the trees" saying when engaging in financial planning and monitoring. **The forest is your annual budget and the trees are the revenue and expense components.**

Your finance staff should provide a budget-to-actual report for development on a monthly or quarterly basis with a variance column showing the percentage of actual revenue and expense items compared to the budget for each major category. Finance staff should also provide some training on reading and interpreting these reports if you are not familiar with them. Once you are comfortable reading the report, it is time to think about some key questions regarding your forest and trees:

- **Forest (annual development budget)**
  - Are total fundraising expenses to-date on pace with expectations? Are variances between actual spending and the budget for major expense categories in this area explainable?
  - Are major revenue categories on track?
- **Trees (revenue and expense line items)**
  - Does the percentage spent so far on each line item match your expectations (e.g., does it make sense that 70 percent of your supplies budget has been used in the first quarter?)? Do you understand what each line item contains?
  - Are your major donor gifts arriving when expected? Does a variance in foundation support indicate a change in timing of a receivable? Do any changes indicate a need to update cash flow expectations?

As you get used to reviewing budget reports on a regular basis, it will become easier to "eyeball" them, taking in both the forest and the trees relatively quickly. Unexpected results will become more obvious, and you will know when to ask questions or revisit assumptions.

You may now feel like we duped you. We started by talking about five steps for fundraising budgeting and ended up unfolding an entire annual budgeting plan. But **even if you focus on just the first step, empowering development to be part of the organization-wide budgeting process, you will see benefits.** This will help connect your fundraising plan to the tangible steps and costs it will take to implement it. And by spending some time thinking about the costs associated with development (and bringing these to the full team's attention through approaching budgeting together), you can make an internal pitch for investing in the day-to-day needs, infrastructure improvements, and internal capacity necessary to make your development efforts as efficient and effective as they can be. ■

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