

The Five Strategies for Fundraising Success

Part 2 of a two-day mini-course by Mal Warwick
"The Strategic Approach to Fundraising"
Center for Philanthropy
Kyiv, Ukraine
22-23 March 2008

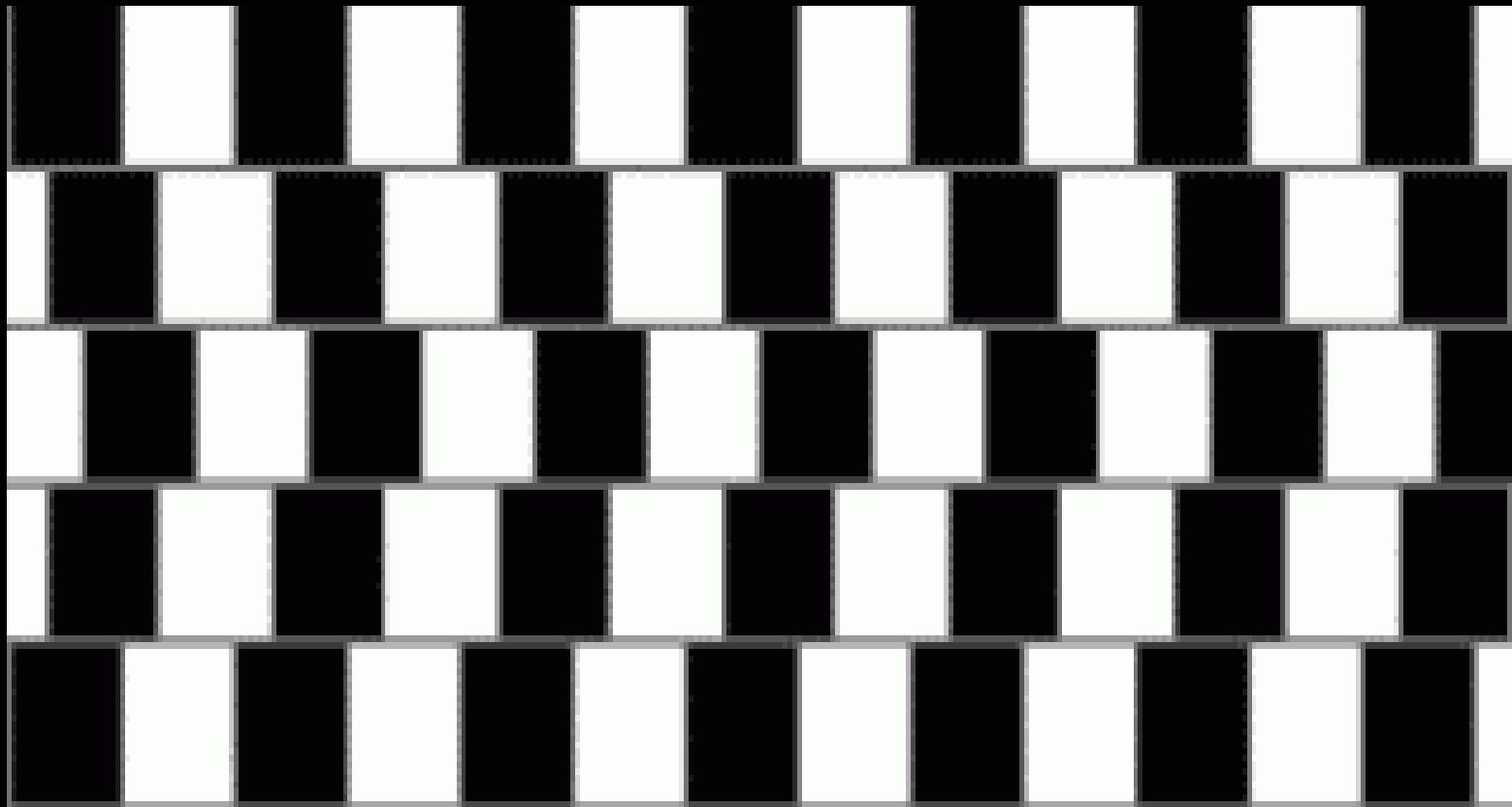
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Is the blue wall behind, or on the side?



Are the parallel lines horizontal?



Here's my three-part message:

- 1) Fundraising is **more** than raising money.
- 2) Fundraising can support your **mission**.
- 3) You can make **rational** choices when selecting fundraising techniques.

So, you want to raise more money?

- OK. **How** will you do it?
- More major gifts?
- More direct mail?
- Invest in legacy giving?
- Buy lottery tickets?

And how will you decide this?

- What Victor tells you to do?
- What you enjoy doing?
- What somebody said at a conference?
- Doesn't this seem haphazard?
- Let's look at this another way . . .

What's the right fundraising mix?

Source	Percent
Major gifts	40%
Foundation grants	20%
Corporate gifts	10%
Direct mail	10%
Legacies	10%
Government grants	10%
TOTAL	100%

Is **that** right for your organization?

Not likely, eh?

- What's "right?" Isn't that a silly question?
- The only good answer is . . .
- Chairman Mal's First & Last Law of Fundraising . . .

It depends!

But what **does** the answer depend on?
How **do** we decide on resource allocation?

Here's my answer. . .

- Mission
- Goals
- Resources
- Opportunities
- That's what "5 Strategies" is about.

The 5 Strategies for Success

- . . . a systematic method to weigh the tradeoffs among contrasting fundraising techniques and make choices based on an organization's mission, goals, available resources, and opportunities . . . at any given stage of the organization's development.

Take HumanCare, for example:

- 20-year-old social service agency
- City of 250,000 population
- No direct competition
- \$500K agency budget

Last year, HumanCare raised . . .

Source	# gifts	\$ rec'd
Major gifts	3	\$50K
Foundation grants	2	30K
Corporate gifts	6	50K
Direct mail	500	20K
Planned gifts	0	0
Government grants	3	350K
TOTAL	514	\$500K

This year, \$550K. Where from?

OPTION A

Source	# gifts	\$ rec'd
Major gifts	3	\$50K
Foundation grants	2	30K
Corporate gifts	6	50K
Direct mail	1000	40K
Planned giving	2	30K
Government grants	3	350K
TOTAL	1016	\$550K

Or, instead, from . . . ?

OPTION B

Source	# gifts	\$ rec'd
Major gifts	8	\$90K
Foundation grants	2	30K
Corporate gifts	6	50K
Direct mail	500	20K
Legacies	1	10K
Government grants	3	350K
TOTAL	520	\$550K

Which approach is **right**?

- OPTION A: Invest in direct mail, or . . .
- OPTION B: Invest in major gifts
- What do we know for sure?
- **That depends!**
- Need to know more about HumanCare:
 - *Mission, goals, resources, opportunities*

If HumanCare . . .

- Has dynamic new leadership
- Wants to meet growing needs
- Views government grants as shaky
- Needs higher visibility
- Wants broader community support
- . . . Then OPTION A makes sense.

OPTION A

Source	# gifts	\$ rec'd
Major gifts	3	\$50K
Foundation grants	2	30K
Corporate gifts	6	50K
Direct mail	1000	40K
Legacies	2	30K
Government grants	3	350K
TOTAL	1016	\$550K

But if HumanCare . . .

- Serves a stable population
- Just built a big new facility
- Knows its biggest donor will soon be gone
- Expects a large bequest
- Feels secure about institutional funding
- . . . Then OPTION B makes sense.

OPTION B

Source	# gifts	\$ rec'd
Major gifts	8	\$90K
Foundation grants	2	30K
Corporate gifts	6	50K
Direct mail	500	20K
Legacies	1	10K
Government grants	3	350K
TOTAL	520	\$550K

Two fundraising strategies

- Same organization, different circumstances
- At **this** stage of organizational development
- OPTION A = Growth: build the donor base
- OPTION B = Efficiency: lower cost of fundraising
- Diff'rent strokes for diff'rent folks!

Five strategies, all told:

- **G**rowth – build the donor base
- **I**nvolvement – make donors active
- **V**isibility – raise public profile
- **E**fficiency – lower the fundraising ratio
- **S**tability – ensure long-term survival
- **G + I + V + E + S = GIVES**

The Five Strategies

- Strategy vs. tactics in the military sense
 - Strategy = “win the war”
 - Tactics = “win the battle”
 - No strategy = muddle
 - Strategy = FOCUS
- Select one primary strategy
- You cannot pursue all five simultaneously
- Some strategies are mutually exclusive

Growth

- Viewed as **dynamic**
- Possesses audacious goals, bold leadership
- Typically, low entry-level gift
- Direct mail acquisition is common
- Examples: environmental groups, animal rights organizations, anything new
- Frequently, broad reach, substantial impact

Involvement

- Viewed as **rewarding** for participants
- Often offers concerts or exhibitions, volunteer programs, grassroots lobbying
- Commonly uses direct mail membership, telephone fundraising, donor newsletters, welcome packages
- Examples: museums, performing arts organizations, public policy groups
- Requires public participation

Visibility

- Viewed as **familiar**
- Characterized by broad public interest
- Public opinion is key. Many stakeholders.
- Brand identification critical
- Often uses TV/radio, special events, cause-related marketing, publications
- Examples: medical research organizations, emergency relief charities
- Requires broad public awareness, widespread name recognition, action

Efficiency

- Viewed as **resourceful**
- Characteristics: cost-conscious, well-established
- Relies on planned giving, major gifts, foundations, corporations, monthly giving, workplace giving, government grants
- Examples: social service agencies, hospitals
- Requires frugal management

Stability

- Viewed as **enduring**
- Characteristics: unchanging values, unending needs, broad financial base
- Relies on endowment, diversified fundraising, pre-authorized checking
- Examples: universities and colleges, residential care facilities
- Requires sound finances, cash reserves, long-term perspective

The **GIVES** model . . .

- An approach, not a formula
- A systematic method of analysis
- A way to allocate resources
- Most of all, a way to devise the right strategy to match your **unique** mission, goals, resources, opportunities . . . at this stage of your development

So, what does this all mean?

- 1) Fundraising is **more** than raising money.
- 2) Fundraising can support your **mission**.
- 3) You can make **rational** choices when selecting fundraising techniques.

A thought in closing . . .

"If you don't know where
you're going, you can end up
somewhere else."

—*Yogi Berra, Philosopher*

For more information:

Mal Warwick, Chairman

Mal Warwick Associates

2550 Ninth Street, Suite 103

Berkeley, CA 94710-2516

Phone +1 (510) 843-8888

E-mail info@malwarwick.com

URL www.malwarwick.com

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Putting the Five Strategies to Work

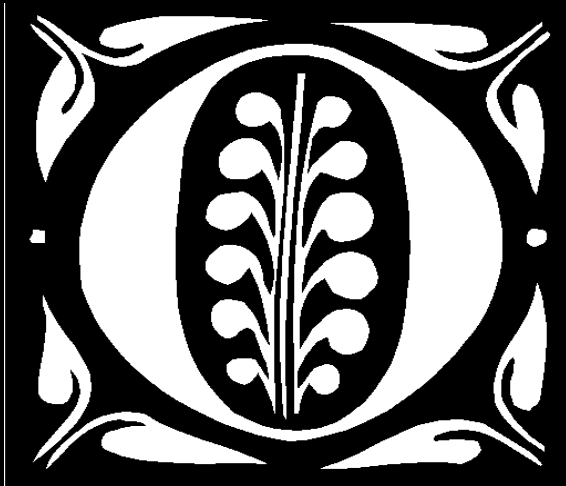
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Five strategies

- At every stage of development . . .
- One PRIMARY strategy
- One Secondary strategy
- PRIMARY + Secondary

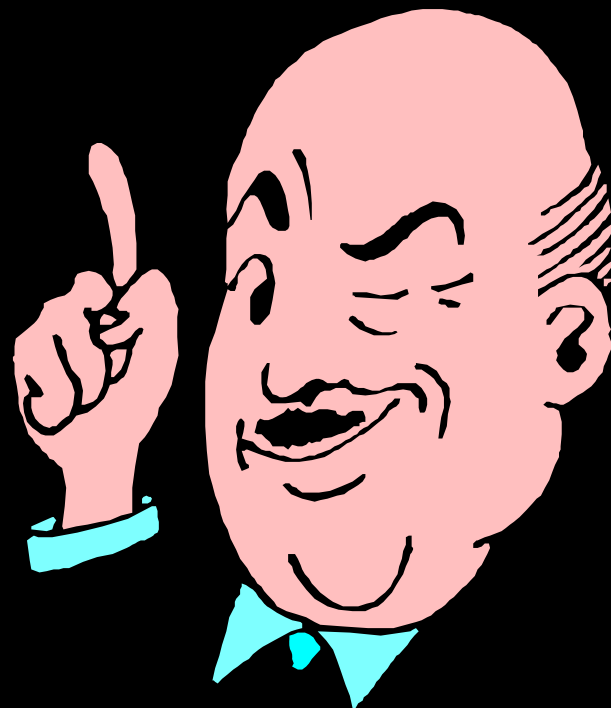


nce upon a time . . .

In a city far, far away . . .



Oleg Bahaty had a vision . . .



The Oleg Bahaty Institute of Interactive Technology!



Center for Philanthropy Kyiv 03-08

How to build a 25M hryvnia museum?

- Oleg's 10M hryvnia lead gift
- Blue-ribbon committee
- Capital campaign
- Institutional gifts (foundation, corporate)
- Membership development

PHASE ONE: Year 1

- Launching the Institute: Visibility primary
- Involvement secondary
- VISIBILITY + Involvement
- Fundraising efficiency must wait
- Subsidize membership program

PHASE TWO: Years 2-4?

- Building the base
- GROWTH + Involvement
- Subsidize Growth
- Back-end fundraising
- Efficiency, Stability still elusive

PHASE THREE: Years 5+?

- Securing the future
- Strategic *choices*

Strategic choices

1. EFFICIENCY + Stability
2. STABILITY + Efficiency
3. INVOLVEMENT + Efficiency
4. STABILITY + Growth

1. EFFICIENCY + Stability

- Limited acquisition
- Emphasize major donor fundraising
- Cut membership service costs
- Endowment campaign

2. STABILITY + Efficiency

- Limited membership acquisition
- Cut membership service costs
- Endowment-building emphasis
- Planned giving promotion
- Slightly lower Efficiency

3. INVOLVEMENT+ Efficiency

- Involved members give more
- Continuing acquisition
- Expanded membership program
- Legacy-promotion program
- Lower short-term Efficiency

4. STABILITY + Growth

- Growing membership at low cost
- Expanding pool of major gift prospects
- Diversified fundraising efforts . . .
- Short-term loss in Efficiency

One PRIMARY strategy

GROWTH

INVOLVEMENT

VISIBILITY

EFFICIENCY

STABILITY

GIVES

THE FIVE
STRATEGIES FOR
FUNDRAISING
SUCCESS

A MISSION-BASED GUIDE
TO ACHIEVING YOUR GOALS

MAL WARWICK

Join me!

International Workshop on Resource Mobilisation

May 22-25, 2008

Kuala Lumpur, Malaysia

www.resource-alliance.org



Center for Philanthropy Kyiv 03-08

Your turn now, folks!

Mal Warwick, Chairman

Mal Warwick Associates

2550 Ninth Street, Suite 103

Berkeley, CA 94710-2516

Phone +1 (510) 843-8888

E-mail info@malwarwick.com

URL www.malwarwick.com

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