If Your Annual Fund Plan Won’t Fit on One Page, You Don’t Know Where You’re Going

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Presented By:

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Today’s Objective

• Understand the annual fund’s role
• Understand the elements of the plan
• Rise above technique
• Reinforce the discipline for planning
• Demystify the process; empower you
• Help you raise more money by doing more of the *right* things
The Vital Role of the Annual Fund
The power of the annual fund:
- Increases involvement and financial support on a consistent basis
- Advances the culture of philanthropy
- Identifies and grooms major donors

Two ways of giving:
- Annual gifts and major gifts (current & deferred)
Stakeholder Constituencies

• Work from the inside/out
  – *Education*: faculty/staff; BOT; parents; alumni; alumni parents/grandparents; community/friends
  – *Health*: employees/docs; board(s); volunteers; grateful patients; event participants; community/friends
  – *Human Service*: employees; board(s); businesses; community/friends
Annual Giving Methods

- Direct mail
- Tribute gifts
- Telephone
- Web-based
- Events
- Employee giving
- Donor clubs/membership programs
- Grant proposal writing
- Personal solicitation
- Bequests
“Are We There Yet?”

• “Talk, talk, talk.”
• “I spend so much time planning I never raise any money!”
• “I just increase last year’s goals by 5% and move on.”
• “Why plan, when my CEO just changes directions anyway?”
Why Take The Time to Plan?

• Focuses energy and resources
• Builds ownership and commitment
• Provides budget rationale
• Prevents drift and BIOTMS
• Fosters leadership attention and a culture of philanthropy
Steps to AF Planning

1. Assess your environment
2. Determine goals
3. Set objectives
4. Identify implementation tactics
5. Determine success measures
6. Track, report, and modify
Step #1: Assess Your Environment
Internal Considerations

- Organization mission, vision, plan
- Departmental plan
- Strengths and weaknesses
- Successes, failures, core competencies
External Considerations

- Attitudinal research findings
- Constituent demographics
- Threats and opportunities
- Competitive marketplace
Determine Key Issues

• Definition:
  – Few issues deemed most important to your organization (or department) and stakeholders
  – Derived from assessment of current situation

• Ask:
  – “What does the scan tell us?”
  – “What categories of work are essential for success?”
Determine Key Issues

• Most NFPs and RD programs have four:
  1. Program performance
  2. Constituent engagement
  3. Gift income growth
  4. Management effectiveness
Step #2: Determine Goals
Definition of Goals

- Broad statements of desired outcomes
- Few in number
- Direct outgrowth of vision; response to environmental factors and key issues
What Kind of Annual Fund Goals?

• Dollar
  – Annual fund raising program performance

• Donor involvement
  – Constituency engagement

• Retention and upgrade
  – Gift income growth

• Overall ROI
  – Management effectiveness
Base Goals on Key Issues

• (Issue) Program Performance
  – Goal: Increase donor acquisition & renewal

• (Issue) Constituent Engagement
  – Goal: Improve key stakeholder knowledge and participation in our programs

• (Issue) Gift Income Growth
  – Goal: Deepen relationships with donors, resulting in gift upgrades and multiple gifts

• (Issue) Management Effectiveness
  – Goal: Ensure efficient and effective use of resources to advance the departmental mission
Also Determine Your Goals By:

- Historical performance
- Organizational strategic plan
- Overall development plan
- Donor/constituent attitudinal research
- Peer benchmarking best practices
Step #3: Set Objectives
Definition of Objectives

• Specific and measurable targets
• Usually set to a timetable
• Link "upward" to Goals, link "downward" to Tactics

• Review sample plan Objectives
Step #4: Identify Tactics
Definition of Tactics

- Very specific implementation steps
- Assigned to individuals or groups
- Usually shorter time frames
- Taken together, they achieve the stated Objective
- Tactics drive budgets and staff deployment
- Take the “in order to...” test
Step #5: Determine Measures
Definition of Measures*

• A change in condition or behavior
• Internal or external impact you’re trying to accomplish
• Link directly to key issues and Goals/Outcomes
• *Review sample plan for examples*

*aka, key performance indicators, outcome measures, performance measures*
Lessons About Measurement*

1. Measurement comes from the top
2. It’s a *culture*, not a “project”
3. Work within existing business practices
4. Start simple
5. Make measurement positive, not punitive

*from Mission Measurement
www.missionmeasurement.org
Step # 6:
Track, Report, Modify
Seek Transparency And Best Practices

• Donors expect it; CEO demands it
• Establish baseline measures and determine desired trend direction
• Report performance against Goals
• Use reporting to educate
• Your calendar and what you track and report are a reflection of your priorities
Alliances and Dependencies to Meet Annual Fund Objectives
People and Money

• **Alliances:**
  – Marketing / PR / Communications team
  – Information management / database team
  – Development staff colleagues

• **Resource requirements**
  – Operating budget
  – Staff
  – Counsel and/or outsourcing partners
  – Volunteers
Stakeholders to Involve

- **Development staff**
  - Integration and ownership
  - Demonstrates leadership

- **CEO/ED**
  - Connect resources to mission and plan
  - Fosters CEO responsibility and culture

- **Boards (or selected members)**
  - Builds advocates for development outcomes
  - Positions key/early donors
Type/Time of Involvement

• Involve key players
  – At the outset and before finalizing
• Early involvement:
  – Situation scan, SWOT, core competencies
  – Develop/Refine key issues
• Midpoint involvement:
  – React to issues, goals, and measures
• Later involvement:
  – Refinement and look for voids
Planning Process Timetable

• Assessment to goal determination:
  – 2 to 6 weeks

• Develop objectives, tactics, measures:
  – 2 to 6 weeks

• Review draft plan with stakeholders:
  – 2 to 4 weeks
Planning Process Timetable

2 – 6 weeks
Assessment to goal determination

2 – 6 weeks
Objectives, tactics, measures

2 – 4 weeks
Review with stakeholders

Planning Duration: 6 to 16 weeks
Start September 1 for a January 1 year
Putting It On One Page
## Sample Annual Giving Program Performance Plan Overview

**December 2006**

<table>
<thead>
<tr>
<th>Situation Scan</th>
<th>Key Issues</th>
<th>AF Goals</th>
<th>Objectives</th>
<th>Measures</th>
</tr>
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</table>
| **We anticipate the need to prepare for a major campaign within 3 years.** | **Program Performance** | Increase donor acquisition and renewal | 1. Adopt AF brand by 1/1  
2. Prep case (print by 1/10; web by 1/12)  
3. Expand by 10% our community service ads about program outcomes  
4. Renew 75% of donors (+5%)  
5. Grow online gifts by 10% | **Program Performance**  
• # of new donors  
• Total new donor $ raised  
• #/% of first time donors renewing  
• Total $ raised |
| **We must leverage our strengths: a) recent marketing visibility gains; b) investments in donor data base management software; and c) the addition of 1.0 FTE in Annual Giving.** | **Constituent Engagement** | Improve key stakeholder knowledge and participation in PAF programs | 1. Use Blackbaud Analytics to identify our best five donor segments b7 2/15  
2. Introduce quarterly CEO letter to most fertile database segments  
3. Enlist 3 advisory panels | **Constituent Engagement**  
• # of CMN donors  
• % employees giving  
• # volunteers involved  
• Annual fund visibility/media hits |
| **We must mitigate these weaknesses: a) dominant special event history; b) volunteer leadership turnover; and c) little history of measuring performance** | **Gift Income Growth** | Deepen relationships with donors, resulting in gift upgrades and multiple gifts | 1. Launch the grateful patient program by 3/1  
2. Update (freshen) the Gifts of Tribute program by 4/1  
3. Personally visit twice/year all donors $500  
4. Start “thank-a-thon” (5/1) | **Gift Income and Growth**  
• #/%/$ donors upgrading  
• Average donor tenure  
• Average gift size  
• # gifts > $1,000 |
| **Management Effectiveness** | **Management Effectiveness** | Ensure efficient and effective use of resources to advance the departmental mission | 1. Launch peer benchmarking study with 5 regional peers.  
2. Achieve Guidestar rating of 4 by 12/31  
3. Achieve $.90 CTRD (8% improvement over 2006) | **Management Effectiveness**  
• % of total gift income  
• Annual fund revenue/expense ratio  
• Comparison to Philanthropy 100 (or other peer group)** |
Annual Fund Plan in Context
Discussion / Q & A
We work with organizations on the cusp of doing great things – retooling business income and philanthropy strategies; engaging board members and community in unprecedented ways; raising more money than ever before.

Clients contact us seeking help to develop strategies that foster organizational agility, setting a plan in place around which commitment runs deep, and determining how to generate philanthropy and other resources to fuel the resource engine of the future.
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