Fundraising & Development 101 for Health Centers & Safety Net Clinics

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Fundraising & Development 101 for Health Centers & Safety Net Clinics

John A. Reid
VP of Fund Development
Metro Community Provider Network
DEFINITIONS

- **Appeal** – The implementation of a fundraising method
  - A mailing of 10,000 acquisition letters is an appeal. Your annual special event is an appeal.

- **Campaign** – A fundraising campaign is a collection of appeals, a targeted effort to raise money during a specific time period, and sometimes for a specific purpose or from a specific population.
  - Annual campaigns and capital campaigns are common.

- **Case Statement** – (also called Case for Giving or Case for Support) A summary of your organization’s mission, programs, structure, and plans.
  - This brief, multi-purpose document is your power tool in fundraising.

- **Development** – The structure - policies, procedures, databases, training, staff and volunteer management, and strategic planning - that supports and drives fundraising.

- **Direct Marketing** – Direct marketing can take several forms: mail, telephone calls, e-mail.
  - Direct marketing is targeted and personalized. It is easy to test and to track. Direct marketing always asks the prospect to take action, so it includes a way for the person to respond.

- **Earned Income** – Non-fundraising income.
  - Earned income can come in the form of rent, merchandise sales, ticket sales (except for ticket sales for fundraising events!), or investment income. If your organization uses funds from an endowment for part of its operating budget, this would be considered earned income.
Further Definitions

- **Federated Campaign** – A collaborative effort in which an umbrella agency like the United Way, United Jewish Appeal, or United Negro College Fund raises money and then distributes the funds to other nonprofits.
- **Foundation** – A nonprofit corporation or trust that has been created through contributed funds to support nonprofit organizations.
- **Fundraising** – Asking people to invest in your mission by making a financial contribution.
- **Fundraising Method** – All the ways you can ask people for money to support your mission and programs.
  - There are eight basic fundraising methods: direct mail, telemarketing, e-philanthropy, face-to-face asking, events, grants, sponsorships, and planned giving.
- **Fundraising Strategy** – Strategies define the goal of your fundraising efforts.
  - There are three fundraising strategies: gaining new donors (acquisition), keeping current donors (retention) and ensuring that donors will make bigger gifts (upgrade).
- **Gift Acceptance Policy** – A policy approved by the board of directors that outlines the types of gifts that will or will not be accepted by the organization and outlines procedures for special types of gifts (real estate, collectibles, charitable trusts, etc.)
- **Gift Range Chart** – An outline of the number of prospects and gifts at various levels that are required to meet the fundraising goals of a capital campaign or an annual campaign.
Further Definitions

- **In-House Appeal** – An appeal made to your internal donor audiences, including your long-time donors, board, volunteers, and staff members.
- **In-Kind Gift** – A contribution of property or service in addition to or instead of cash.
- **Mission Drift** – The tendency to shift programmatic goals and activities in order to attract specific funders.
- **Prospect** – Someone who might be interested in supporting your organization, but has yet to make a gift.
- **Return on Investment** – The method of evaluating the success of fundraising activities that analyzes appeal by appeal, method by method - funds raised as a percentage of fundraising expenses.
- **Statement of Activities** – A statement that documents your revenue, expenses, profits, and deficits over a specific time period.
  - This differs from your operating budget because it is a snapshot of a period in the past. Since 1995, the Financial Accounting Standards Board has used the term “Statement of Activities” rather than “Income Statement.”
- **Sustainers** – Donors who make a regular contribution, usually on a monthly or quarterly basis.
  - Sustainers are often given special recognition as members of a “club” or “society.”
- **Endowment** – A specific restricted fund that accrues interest; the principle is never touched. Earnings are paid out quarterly and sometimes an organization will reinvest their earnings toward the principle. In MCPN’s case, our Endowment Fund is held with the Community First Foundation (formerly the LMC Community Foundation).
Fundraising? Development?

What’s the Difference?
Fundraising? Development?
What’s the Difference?

- **Fundraising**
  the act of raising money

- **Development**
  the policies, structures, practices, and plans that ensure resources for your organization over the long term
Without a development plan, fundraising is a short-term solution to bringing money into your organization. Fundraising alone encourages a “quick-cash” mentality and can favor one-time gifts over building relationships with donors. Random fundraising appeals are often reactive and born out of crisis. Crisis-driven appeals do little to encourage a donor’s faith in your organization’s long-term viability. Development, on the other hand, is a long-term investment in your organization’s future. Development is strategic. It results in more efficient and effective fundraising. Most importantly, development cultivates sustained relationships between your organization and its supporters.
Rules of the Road

- Fundraising can and does exist without development, but that’s cheating your organization of donors and dollars that will advance your mission.

- Development cannot exist without fundraising. The development function is all about guiding fundraising activities.

- Together, fundraising and development are powerful forces in gathering the resources your organization needs to change the world.
Dive into Development Planning: A Learning Laboratory

Compass Points

- Development means the activities and structures that support fundraising.
- Development is a sustained investment in the future of your organization.
- Development policies, structures, and plans guide fundraising activities over the long term.
- Development is an ongoing process that creates a culture of fundraising in your organization. Everyone is involved in development!
- A development plan has seven components: a statement of purpose, strategic goals, operational goals, a fundraising goal, a cash flow projection, a spreadsheet of appeals, and a calendar.
- Your first development plan is the hardest to create. It gets easier as you gain experience.
MCPN Strategic Plan

Development Policy

Gift Acceptance Policy, Etc.

Campaign

Case Statement

Direct Marketing

Appeal

Newsletter, Etc.

Fundraising

Strategy & Methods

Earned Income

Grant Writing

Special Events

Federal Campaign

Endowment
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Developing a Successful Culture for Philanthropy

- The CEO of the organization must support and be invested in the development process.

- The Board of Directors must give and be willing to “get” resources for the organization.

- There must be a strategic plan in place that everyone supports.

- The internal constituency - faculty, directors, doctors, service providers must be in full support.

- There must be an alignment between development and service delivery.

- The organization must have a brand/image that the public perceives as ethical and full of integrity.

Quoted from a speech by the Chair of the Board of the Association of Fund Raising Professionals, Colette Murray, J.D. CFRE
THE ADIZES LIFE CYCLE

- Courtship
- Infancy
- Go-Go
- Adolescence
- Prime
- Maturity
- Aristocracy
- Early Bureaucracy
- Bureaucracy
- Death
- Renewal

The Mason Group, Inc.
providing counsel for nonprofits for over 20 years
4-LEGGED STOOL OF FUNDRAISING

DONOR

SOURCE

Current Income
Income & Assets
 Assets
Estate Planning

BENEFIT

Ongoing Programs/Services
Special Programs, Projects
Buildings, Equipment, Endowment
Endowment Capital

Annual Fund
Major Gifts (Program)
Capital Campaign
Planned Giving

Unrestricted Annual Capital
THE DEVELOPMENT PROCESS

Linkage
Involvement
Advocacy

Planned gift
Big gift
Major gift
Special gift
Upgraded Donor
Repeat Donor
Donor
Prospect

Linkage
Ability
Interest

The Mason Group, Inc.
providing counsel for nonprofits for over 20 years
Formula for Success

The way you spend time with donors guarantees your outcomes for upgrading them.

Upgrading donors = 65/25/10

65% = Cultivation

25% = Stewardship

10% = Solicitation
The Development Director is the ORCHESTRATOR OF THE PROCESS and must be sure that there is continuity, integrity, stewardship and completion for each Major Gift Prospect. Examples of others who could be involved in the process.

Recruitment Process - Could be a volunteer, program person or development staff.
Romance - This is a Mission Delivery stage and can be extended by a “service delivery staff”.
Request - The volunteer/staff solicitation Team that has received training should be involved here.
Recognize - The Development Department must conduct this stage.
## Return on Investment in Fund Raising Methods

Conducted by Center on Philanthropy

### Sampling: 127,000 non-profits contacted

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<th>Category</th>
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<td>Special Events</td>
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Board/Staff Teams
for Effective Fund Raising

Staff depend on their Board for:

• Time and energy to do work
• Belief in mission
• Influence
• Knowledge of prospective donors
• Giving
• Asking for gifts
• Pride in accomplishments
Board/Staff Teams for Effective Fund Raising

Boards depend on their Staff for:

- Expertise, Experience
- Knowledge of Volunteer Management
- Knowledge of Community
- Professionalism
- Ethical Behavior
- Sensitivity to Board Members’ Needs
Making the Case in a Solicitation

1. State the need.
2. Document the need you are meeting.
3. Propose strategies and tasks.
4. Identify who will benefit.
5. Demonstrate organizational competency.
6. Specify the resources required.
7. State how gifts can be made.
8. Communicate the benefits for making a gift.
Exercise in Preparing and Making a Case

Case Study: You are at a reception and suddenly are face-to-face with a major prospect. You are surprised but pleased that this prospect is at the event, as you’ve been planning for months on how to make the first contact. She asks some vague but genuinely interested questions, including, “So, what’s new and exciting at your organization?” What you say reflects an undergirding set of beliefs about your organization. Plan a short, three-minute response that you can use in your role as an ambassador for your organization and which you can model to other staff and volunteer ambassadors.

To prepare, think about your organization in the following dimensions:

- The unique benefits the organization provides the community.
- What, at this point, is especially exciting, cutting edge, or promising.
- Connections to traditions and organizational accomplishments of the past.
- The compelling nature of the current organizational goals and initiatives.
- The unique opportunities facing the organization at this point in time. Consider a potential intersection of preparation and opportunity to fill a need.
- Create a question to draw the prospect into involvement in the ideas you’re discussing.

Take fifteen minutes to prepare this response. You will practice delivering it to the course participants at your table, and they will be asked to give you constructive feedback on what worked well and how your presentation can be improved.
The Power of the Ask
Volunteer and Staff together

Note: The volunteer comes to the table with their passion about the organization and the staff comes to the solicitation with the knowledge they have of the organization and their passion – making an unbeatable combination!

Participants in the major gift solicitation:

#1 Leadership Volunteer
For the past three years, you have chaired the board of Directors and are passionate about the organization’s mission. You know the prospective donor relatively well; are in Rotary together and occasionally play golf with them. Your children go to school together. You are an upper level manager directing marketing for a computer-service company and make a salary of $120,000 per year. Your firm has a matching gift program. You are currently a donor for $1,000 per year.

#2 Development Director
You have served the organization in development for 5 years and are recognized as a leader in your field. You are inspired by the work of your organization and are passionate about it. You contribute $500 annually to the organization and your salary is $48,000 per year. You know the prospective donor and have met them through functions you hold for major donor prospects. You direct the Annual Fund at the organization and are beginning the Planned Giving Program.

#3 Prospective Donor
You have been engaged appropriately by this organization and have had personal visits from both volunteers and staff – but not recently. You go to the Annual Meeting and give annually. You are an investment manager and have given pro bono advice for their planned giving program. You have made seven or eight gifts to the organization over a ten-year period of time ranging from $750 up to $2,500. You are self-employed as a consultant and your average gross income per year is $185,000. You have young children and know the Leadership Volunteer. You have heard rumors about the organization launching a campaign but don’t know the details.
Volunteers Single Most Common Fear about Solicitation
(resource: Board Source)

• NOT that they will be turned down!
• NOT that they are the wrong person to ask
• NOT that the prospect will be “turned off” by solicitation!
• NOT that they will have to give in order to ask!
• THE SINGLE MOST COMMON FEAR is that they do not know precisely what the organization does and what they are asking the prospective donor to fund!
Fundraising & Event Planning Made Easy!

Annette Zacharias, Executive Director
NNOHA
Nonprofits need to rely on an income mix

- Ideal mix for health related nonprofits in the Salomon study in 1996
- 54% of income from fees
- 41% from government funds
- 4% from giving/donations
What kinds of income can a nonprofit have?

- Earned (fee) income
- Individual charitable giving
- Institutional philanthropy
- Government grants and contracts
- Membership Income
- Investment income
- Events – conferences, trainings, special events
- Commercial ventures
- Volunteering
- In-kind donations
What kind of organizations get funded?

- Religious organizations - 32%
- Educational institutions - 13%
- Human service organizations (like Community Health Centers) - 12%

(Source: Giving USA 2012)
• Individuals gave $217.79 billion (82.28%) in 2011
   – (Source: Giving USA 2012)

• Foundations gave $46.9 billion (17.72%) in 2011
   – (Source: The Foundation Center, 2012)
• Individual gifts
• Cause related marketing
• Grant writing
• Corporate sponsors
• Special events
Think of fundraising in a different way

• Build your brand
• Share your story
• Cultivate your resources
• Diversify your income
• Reap your rewards
Build a brand

• Identify who your organization is
• Start with your mission
• Compare your mission with what you do
• Create your brand around it
Share your story - With who?

- Board members
- Staff members
- Volunteers
- Your internal staff
- Your existing patients
- Your volunteers
- Your vendors
- Your funding partners – existing and potential
- Local Business Community
- Local Media Community
- Legislator – Local, State and Federal
Share what makes your program or organization unique

• What is your claim to fame?

• Are you the only health center that provides dental care in an eight county area?

• Maybe you are famous because you provide integrated care to your pregnant moms?
Where to start

- Plan
- Gather your current resources
- Cultivate your resources
- Decide what your organization’s fundraising mix should be
- Identify **HOW** you will delve into each area
Resources to locate possible grants

• Community Resource Centers

• Foundation Center at www.foundationcenter.org

• Foundations Online at www.foundations.org

• Google “foundation directory”
Research your funders

- Local - United Way, Community Foundations, Local foundations, Family Foundations

- State – State Department of Health, Corporate Foundations, National Charity Affiliate offices

- National - DentaQuest, Large Family Foundations like the Gates Foundation or the Packard Foundation
Contact possible funders

• Reach out to them
• Share your ideas with them
• Follow their advice
Corporate donors

- Who are large employers in your area?
- Develop corporate partnerships
- Reach out to them to offer “first right of refusal”
- Be a corporate partner in your community
Individual Giving

• Develop opportunities for you to make individual asks

• Customize your interactions

• Keep in touch

• Thank them often
Events

• Update special event fundraisers

• Conduct fundraisers that appeal to a variety of ages

• Determine your type of event based on your circle of influences interests

• Do something unique to your area
Key tips to remember when conducting an event!

• IMMERSE them in your organization’s good vibes

• Coordinate conversation

• Share patient stories/pictures and how attendees can become involved and help
Event Planning

- Determine type of event
- Put together a committee
- Secure venue
- Establish pricing
- Work with committee
Committee roles for event

• Secure sponsors
• Recruit participants
• Assist with set up
• Assist with event coordination
Utilize Technology

- Text-messaging
- Online giving
- Credit cards
Thank you!

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NNOHA Resources

- Job Bank
- Dental Forms Library
- Webinars
- Health Center Dental Operations Manual
- Promising Practices
- How to Start a Dental Clinic
- National Primary Oral Health Conference
- ...and more!
- www.nnoha.org
NOSORH Resources

- State Offices of Rural Health – Find yours: http://www.nosorh.org/regions/directory.php
- Rural Assistance Center: http://www.raconline.org/
- Upcoming NOSORH events: http://www.nosorh.org/news/events.php
- NOSORH website: http://www.nosorh.org/
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Questions?

- Please type your questions in the chat box and specify if your question is for John or Annette.