Directors Must Get on Board in Capital Campaigns

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Why do some fundraising campaigns seem to take forever, while others are through before you know it?

Even the most deserving or innovative campaign can drag on, but many people can't pinpoint why. This paper examines the importance that a board of directors plays in achieving campaign goals.

An Urban Institute* survey in 2007 asked nonprofit leaders to rank the performance of their boards of directors. Most rated their boards as doing a "good" or "excellent" job in all areas, except fundraising. More than half (51 percent) rated their boards as only "fair" or "poor" when it came to helping raise funds or donating.

On a positive note, board giving is on the rise nationally. A study conducted in September 2007 by accounting firm Grant Thornton LLP showed more than half the charities surveyed require their board members to make financial contributions to the organization.

The old norm of "give or get"—give a financial contribution or get donors—is on its way out. Donors are investors, and savvy donors increasingly look to see how many directors of a board give before deciding to make a gift themselves. The board's contribution sends a signal to outside donors that this is a worthy campaign they believe can succeed.

What, then, is the "magic number" that a board member should give? We recommend an annual gift equal to at least the minimum club level of your not-for-profit. Furthermore, having board members listed in your legacy society affords more weight to people considering planned gifts to your organization.

Two Essential Guidelines

When an organization is in the throes of a campaign, board giving takes on even more significance. First, ME&V always recommends that 100 percent of board members give to a campaign. That is Fundraising 101. If a director will not give something to your capital campaign, you should work with that director to help him or her see the importance of doing so. Secondly, boards should collectively give at least a minimum of 10-15 percent of the total campaign goal.

Now you're asking, "So if we're all supposed to give, how large should our individual contributions be?" This number will be correlated with the size of your organization. Chart A shows the percentages directors contributed based on the size of the campaign goal.

Similar to real-life families, boards can differ in composition. Some are more hands-off and others more status oriented. Some directors join solely for a particular skill they possess, while others have a passion or perspective for the organization.

Chart A-Grant Thornton Study

Individual Board Member Giving	Campaign Goal				
	<$20 Million	$20–$50 Million	$50–$100 Million	$100–$500 Million	>$500 Million
$1,000 or less	54%	39%	39%	24%	25%
$1,001 - $2,500	20%	18%	15%	12%	12%
$2,501 - $5,000	12%	7%	22%	4%	25%
$5,001 or more	14%	36%	24%	60%	38%

We know a statewide organization that selects some of its board members based on how they play in an annual golf tournament! Despite these differences, it is imperative that every board member has the capacity to give to a capital campaign.

Set the Pace

We examined 10 representative ME&V campaigns (Chart B), and discovered that those whose boards give 12 percent or more of the campaign goal generally finish faster and more successfully.

In Chart B, Organization A's board gave a collective 44 percent of the goal. Their campaign took only 12 months to complete and exceeded its goal by 45.33 percent. Two board members made significant, six-figure contributions. Even when eliminating these two gifts, the percentage of goal given by this board was still 24 percent.

You don't have to have "high rollers" on your board to experience success. Organization F's board members gave 12 percent of the campaign goal and made their commitments in a one-month period. The average board gift was nearly $7,000, with the largest being $25,000, and the organization exceeded its capital campaign goal in only five months.

Organization C represents another shining example of what board participation can mean. Board giving totaled $139,856, with an average board gift of approximately $6,400. Board giving amounted to 28 percent of the overall goal. The board's initial enthusiasm and example resulted in the campaign exceeding goal by 59 percent and completing the campaign in a mere nine months.

On the opposite end of the spectrum, Organization H's board gave only three percent of the goal and the campaign took 24 months to complete.

At first glance, Organization D's numbers might seem to differ from our premise that significant board giving hastens successful results. Why has a campaign with 100-percent board participation and 22 percent of the goal given by the board taken 49 months to complete? Look further and see there was a single gift of $300,000. Without this gift, the average board contribution drops from $43,111 to $9,777, and the percentage of the goal given by the board plummets to 4.88 percent. Organization D also illustrates why we prefer a board composed of at least 15 to 20 members—D's membership of nine requires too few members to carry the ball.

Organization B has already raised 40 percent of its goal through board gifts. Its board members gave an average of

Chart B

Not-for-profit	Board Participation	Giving by Board	Avg. Board Gift	% of Goal Given by Board	Goal	Amount Raised	% Over Goal	Length of Campaign (months)
A	26/26	$329,510	$12,673	44%	$750,000	$1,090,000	45.33%	12
B	33/33*	$417,000	$12,636	40%	$1,050,000	$417,000	N.A.	5 so far
C	22/22	$139,856	$6,357	28%	$500,000	$795,000	59%	9
D	9/9	$388,000	$43,111***	22%	$1,800,000	$1,800,000	0%	49
E	17/25	$399,613**	$23,507	14%	$3,100,000	$2,250,000	N.A.	48 so far
F	26/26	$178,800	$6,877	12%	$1,500,000	$2,300,000	60%	8
G	46/46	$92,129	$2,003	3%	$3,000,000	$3,045,000	1.5%	15
H	10/10	$42,300	$4,230	3%	$1,500,000	$1,600,000	6.67%	24
I	25/25	N.A.	N.A.	N.A.	$1,300,000	$1,700,000	30.8%	11
J	17/17	N.A.	N.A.	N.A.	$3,000,000	$4,000,000	33.33%	20

* Reflects outgoing 2007 members AND incoming 2008 members ** One gift was $300,000 *** Original board

$12,600 each, and after only five months, their campaign is well on its way. Organizations I and J are included to prove that 100-percent board giving dramatically enhances the probability of exceeding goal. Compare this to Organization E, where only 17 of the original 25 board members gave. This may help explain why its campaign has taken longer than most.

Other Factors

If there is such a thing as a "normal" time frame for a capital campaign, we find it to be 18 to 24 months. Campaigns reach goal more quickly when 100 percent of the board gives and when they give a higher percentage of the goal. Only after all members of the board "family" support a project can you expect to ask an outsider to give. Why should a board risk losing the investment of a major donor just because they all could not lead by example? In the book, "Asking," Jerold Panas says, "Never make a call unless you've made your own gift first." Many other factors enter into the success of a fundraising campaign. Did your organization conduct a thorough feasibility study? Is your organization and its mission well known? Did you recruit the right campaign leaders, the right amount of passionate volunteers and train your volunteers well? Did 100 percent of your staff "family" also contribute to the campaign?

If you remember anything from this white paper, when it comes to campaigns, 'The buck stops' with the board of directors. Board members lead by example. All board members must help in some way with the campaign, both in giving and gifting. It is the single most important criterion of a campaign's success. No one is going to have to work any harder or longer. The training, organization and dedication of the directors will see your campaign through to a successful completion.

**The Urban Institute is a Washington, D.C.-based, nonpartisan think tank that collects data, conducts policy research, evaluates social programs, educates the public on key domestic issues, and provides advice and technical assistance to developing governments abroad.*

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Dee Vandeventer, the V of ME&V, orchestrated fundraising campaigns that successfully built much-needed hospice homes, a nursing college auditorium, an acoustically perfect performing arts center and many other projects to enhance the lives of others. Contact her at: Dee@MEandV.com

Kay Thuesen, fundraising adviser, joined ME&V from the not-for-profit world. Her passion is to assist other charitable organizations reach their goals using tools like feasibility studies, volunteer recruitment and retention practices, and public relations. Contact her at: KThuesen@MEandV.com

Justin Tolan, chief fundraising adviser, was first a client of ME&V. He has counseled successful campaigns to build hospitals, a childcare center, a community recreation center and a symphony endowment. Contact him at: JTolan@MEandV.com

ME&V FUNDRAISING ADVISERS

6711 CHANCELLOR DRIVE
CEDAR FALLS, IOWA 50613
WWW.MEANDV.COM

TEL.319.268.9151
877.932.3279
FAX.319.268.0124