

**GLOBAL CONNECTIONS, IT'S ONLY MONEY! CONFERENCE**  
**September 2005**  
**CAPITAL APPEALS (Workshop 3C)**  
**Pat Finlow, Oasis Charitable Trust**

**Context**

Charities may need a large amount of funds for a particular one-off purpose, maybe to purchase a large piece of equipment or a building.

What are the general principles in raising such funds – and what are the pitfalls to avoid?

**Introduction and Overview**

Typically, funds are raised first through a private phase where larger contributions are sought from carefully researched donors. This is then followed by a shorter, public phase where large numbers of smaller contributions are solicited using a range of fundraising methods.

Each aspect of the appeal needs careful research and planning. A temptation in such an appeal is to give disproportionate focus on soliciting large gifts. For a Christian mission, this provides unique challenges: how to balance the need for funds, with a biblical mandate to value each person equally.

In 1992, Marion Allford published a book, entitled 'Charity Appeals, the complete guide to success' which charted the structure and activities of the Wishing Well Appeal, which raised over £50 million from the public for Great Ormond Street Hospital. This book provides a thorough grounding in how to run a capital appeal and is an excellent reference guide.

Many might think that the principle of such a large scale appeal would not apply to significantly smaller appeals but Ms Allford states that the principles were developed through running much smaller, local appeals and these were then applied on a larger scale to the Wishing Well Appeal.

**Opportunities of a Capital Appeal**

When faced with the daunting task of raising, say, £500,000 or more in addition to one's normal income budget, it can seem like an uphill struggle. But if viewed in the context of an organisation's long-term Fundraising strategy, the **advantages** of a capital appeal should not be overlooked.

Some of the opportunities presented by a capital appeal:

- **Re-awakening lapsed supporters**  
The appeal may be an excellent opportunity to go back to lapsed or lapsing supporters with a new fresh opportunity for support.
- **Cost-effective recruitment of new support**
  - Individuals  
If the organisation already has a donor recruitment programme, you may find that a capital appeal with a very specific outcome for funding may generate new donors at a lower 'cost per new donor'
  - Business community
  - Trusts
- **Re-envision existing supporters**
- **Develop regular giving from 'one-off' cash givers**

It may be possible to suggest supporters make a regular gift of £x per month for the duration of the appeal which could then (with the supporters permission) be redirected to general funds at the end of the appeal.

- **Improved internal morale**

- **Raised profile of organisation though increased opportunities for PR.**

PR can be generated through both a story about the object of the appeal (ie to build a new xyz for the local community, or by an interesting newsworthy fundraising activity.

- **Evangelistic opportunities**

Applicable mostly in the case of local church or community appeal, where the funding is required for a community asset. Fundraising activities, such as quiz nights, family days etc can be an excellent way of engaging with the local community.

### **Realistic Planning: Research, Business Plan and Case for Support**

In a capital appeal, one cannot underestimate the need for thorough preparation and realism regarding timescales. Capital appeals are a long term project.

Capital appeals also draw on a wide range of income streams and sizes of gifts. A carefully researched fundraising plan will be required that ensures gifts build cumulatively towards the target amount.

It would normally be expected that such a large undertaking would have a business plan already in place. This will be a very important document for many (larger) sponsors and supporters. Marion Allford explains it in these words: ***'a particular project may well be needed by the community but that is not enough. The charity... must be able to prove two things: that the project is needed and that it is the best body to take on the task'***

One important point here – has the organisation given thought to how any increase in revenue funding for the project will be met? Have plans for this been built into the capital appeal? Also, what if funds raised exceed those required for the capital expenditure? Does consideration need to be given to the wording of the appeal?

It is also important for the fundraising team to have a thorough understanding of the fundraising need, and to have readily accessible all possible information that may be required during the campaign. This should also be collated into one document, sometimes called a case for support, for central reference. Marion Allford uses the mnemonic BROADSWORD as a checklist for this document.

**B Background** – what is the background, origin and history of the charity?

**R Role** – what is the particular role of the charity?

**O Others** – do other charities operate in the same field? What are the distinctives of your organisation?

**A Aims** – what are the long-term aims and objectives of the charity?

**D Distinguished supporters** – if the charity already receives support from major trusts or government depts, this will help to establish credibility with new supporters.

- S Snag** – describe in detail the problem the appeal is designed to overcome. Use both statistical information and human interest case studies
- W Way Out** - outline the solution. In other words, what will the charity do to overcome the problem previously outlined?
- O Operational Expertise** – outline the qualifications and experience of the staff who will be running/using the facility. Again this helps to establish credibility
- R Resources** – Collate information regarding all the resources needed, materials, personnel etc. Ensure these are then fully costed into a comprehensive budget
- D Delivery of Funds** – Develop a plan to show how the funds will be raised.

(See 'developing a case for support', at the end of this article, which was used in the trusts and foundations workshop. This provides similar information in a slightly different format)

### **Fundraising Plan: Gift Guide and Activities**

In developing a fundraising plan, one should consider carefully how to avoid diverting anticipated gifts (especially unrestricted gifts) from existing supporters to the capital appeal.

If care is not taken on this, the organisation could have a successful capital appeal, but suffer financial difficulties as they would have insufficient unrestricted funds to pay the bills.

If for example, a supporter sends a gift each year for £5,000 for unrestricted funds they may restrict their next gift to the appeal, leading to reduced unrestricted income.

This is why consideration should be given to targeting lapsed and new supporters before existing supporters. If the appeal is successful with these groups, it will minimise the need for funds to come from existing donors.

If/when existing supporters are asked to contribute towards the appeal, the nature and timing of this needs to be considered. For example, if the organisation relies heavily on a Christmas appeal or a special Sunday for unrestricted gifts, an appeal for the capital fund should be timed at a distinctly different time of the year.

Typically in a fundraising plan for a capital appeal, there will be a gift guide drawn up based on internal research of the organisation's capacity to raise different types and sizes of gift.

A simple example of a gift guide to raise £255,000:

1 gift of £100,000	£100,000
3 gifts of £20,000	£ 60,000
10 gifts of £5,000	£ 50,000
50 gifts of £500	£ 25,000
100 gifts of £100	£ 10,000
500 gifts averaging £20	£ 10,000
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	£255,000

The gift guide produced will vary greatly from mission to mission, depending on the size of the supporter base, average gift etc.

Within each of these lines, there should be an outline of the types of supporter and/or activity that will be needed to generate the funds. Here are just a few examples:

- Grant-Making Trusts
- Businesses
- High Value Donors
- Government funding (local or central)
- Churches (gifts via specific activities from mission budgets, speaking gifts)
- Sponsored Events
- Fundraising events by supporters (coffee mornings, bring and buy sales etc)
- Black Tie dinner
- Auction of promises
- Youth Group/School activities
- Gifts in lieu of birthday/anniversary gifts
- In memoriam gifts
- Gifts via standing order
- Direct Mail or email
- Gifts via charity's website

In planning activities or in proposing activities to donors, remember your organisation's own areas of strengths and weaknesses. Develop new ideas or areas of activity by all means – but within reason. If you have never organised a masked ball before – are you sure you want to run one now?

Whatever plan of activities you arrive at will feed in to a plan for materials and activities needed and help develop realistic timescales and an expenditure budget.

For example, 50 gifts of £500 may be made up of 20 gifts from churches, 10 gifts from sponsored activities from youth groups and 20 gifts from individuals.

This may lead one to plan for PowerPoint presentations for speakers at churches, identifying churches that one could offer speakers to, sponsorship ideas, posters, sponsor forms etc for youth groups and direct mail materials for individual gifts.

It should also generate hard internal questioning: How realistic is it that we will generate £100,000 from one donor? Do we have any potential high value donors (individuals, trusts etc) that may be able to contribute this amount? If so, will this affect their giving to another part of the organisation? If it is not felt realistic that £100,000 could be attained from one donor, then the table needs to be adjusted to increase the number of lower value gifts, which may then affect the timescale of the appeal.

These activities and anticipated income should be calendarised to assist in monitoring of the appeal and to enable any adjustments to the plans on an ongoing basis.

### **Creativity, the Law and Licences**

Think of ways to connect supporters to the project. Some projects have successfully used a sale of bricks' for a building project. Costing significant aspects of the project may be helpful for larger donors to visualise. For example, it will cost £x,000 to furnish one of the rooms.

The Directory of Social Change ([www.dsc.org.uk](http://www.dsc.org.uk)) has a range of publications to help with creative ideas for fundraising as well as information on the legal aspects, health and safety and any licences required.

### **Appeal Committee, Consultants and the Fundraising Dept: Roles and Responsibilities**

In a large scale appeal for any charity, it will not be reasonable to expect all the fundraising activity to be carried out by members of the fundraising dept. Senior staff, chief executives and trustees should all, ideally, have a part to play. In a major appeal it is not unusual for there to be a separate appeal committee chaired by a person of credibility and influence. Starting in the private phase of the campaign, the committee will carry out peer to peer fundraising amongst their network of friends and business associates, with members of the fundraising dept carrying out background research, and preparing for the public phase of the appeal.

External consultants may also be able to bring advice and support to a capital appeal but their role will rarely (if ever!) be to 'do the fundraising' on behalf of the organisation. Whether an organisation chooses to work with a consultant will largely depend on the skills and experience on the in-house fundraising team. A consultant is unlikely to have the relationships with supporters that existing members of staff and trustees have and so will not be the best person to be involved in direct face to face fundraising. An experienced consultant should be able to advise on the research and planning of the fundraising strategy, to assess the feasibility of the plans and to provide support in the ongoing monitoring and development of plans. A consultant may also be able to provide support and training for staff and trustees. If a consultant is used, it will be important to clarify expectations in advance and in written form to avoid potential misunderstandings at a later stage.

### **Telling the Story**

As part of the initial development of a case for support (see above) it will be a good idea to ensure that there are 3-4 good case studies that illustrate the need/benefit of the appeal.

These can then be learned by any member of staff or trustee involved in the appeal and should be used as frequently as possible to bring the appeal to life. Those involved in the appeal should 'tell the story' from this perspective rather than 'we need £x,000 to build a yyyy that will do zzzz.....

It will usually be better to inspire someone with a story of how someone's life will be improved and then explain how this will be achieved (by building a yyy .) Once people have mentally committed themselves to seeing the yyy in existence, then is the time to say what finances are needed.

Also, people like passing on stories – so the appeal will be spread through informal as well as more formal methods.

### **Maintaining Interest**

As the appeal is likely to take place over several months, maybe 18 months to 2 years, it will be important to maintain interest and ensure feedback.

The planning of the appeal should include fresh approaches or activities at key points in the appeal. For example, have a special fundraising event at the halfway mark and another 3 months later. Different activities for the same appeal will help to keep it fresh and bring a new impetus at key points.

Don't forget to provide feedback on progress to those involved in or contributing to the appeal.

### **Publicity: Handling Success (& Failure?)**

As mentioned before, a capital appeal may be a good way to raise the profile of your organisation.

However, do consider how you announce the success of a large appeal. If the focus is on the success of an appeal (ie influx of large sums) the public/supporters may be less inclined to contribute when the opportunity next presents itself. It may be preferable for the organisation to announce the arrival of the new piece of equipment or the laying of the foundations of a building 'due to the success of xyz appeal'. In this way it is very clear that the funds raised were for a specific purpose.

It may be wise to have a contingency plan in case of problems or failing to reach the goal in the time originally expected. Someone cited an example of an appeal for a particular country that had to be aborted when the political situation in that country changed and asked if the money should be given back.

All donors should be contacted as early as possible with an update in the situation and ideally with a request for the monies to be used for a suitable alternative activity. If the monies cannot be used for the purpose for which they were given and the donor does not agree to a change in use, they will need to be reimbursed.

### **Ongoing Monitoring**

It will be important to have regular reports of income received analysed in different ways. First of all, it will be important to know if income is arriving according to the budgeted activities. Are any activities under- or over-performing? Ensure this information is circulated appropriately to those involved. Is there a need to adapt the strategy in the light of these results?

It will also be important to have regular updates on the activities planned. Are any of these behind schedule? How will this affect likely income and any other activities? What measure can be taken to minimise any detrimental effects?

Don't forget to monitor any press interest. Ensure that any friendly reporters/editors are kept up to date with progress.

### **Commemorative Plaques and other potentially tricky issues**

I would advise that consideration be given before the campaign is launched to some of the potentially tricky questions that may arise.

If a local business offers to support the project in return for naming a room after the business (or businessman) what will your policy be? For example, what if a baby-wear shop offered to support a nursery? Or what if an off-licence offered to support a youth club? If you were to refuse a donation how would you answer the local newspaper if they called?

Even if there were no ethical issues with the product of a business, what of the issue of recognising large gifts? If you are having a special event for the appeal, on what basis do you draw up the guest list? Is it those who can make a large donation to the appeal, or those who have championed the organisation through the years? How would you interpret James 2v 3-4 in these areas?

This is not to suggest that one shouldn't have special events and use appropriate communications methods with different groups of supporters. The issue is that we should ensure that we have

thought through the ethical and biblical implications of our actions and not just follow secular good practice.

It will be better to have thought through these issues in advance and to have a policy on them rather than to try and decide with a large donation in the balance.

### **Summary**

- Don't underestimate the time needed for preparation, research and planning the appeal.
- Ensure there is a comprehensive Case for Support
- Plan the appeal in the context of your long-term fundraising strategy
- Ensure the plans include monitoring and feedback
- Take care that existing donations are not diverted to the capital appeal
- Consider a private phase (for larger donations) and a public phase for the general public
- Develop policies (especially to cover ethical issues) in advance

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## **DEVELOPING A CASE FOR SUPPORT**

**Pat Finlow, Oasis Charitable Trust**

### **Why have a Case for Support?**

People working closely on a project usually develop an instinctive understanding about the work they are planning or doing. It is therefore very difficult for them to take a step back and write about the project in a way that is clear and unambiguous for a potential funder.

It has become considered good practice in any fundraising campaign, for the project/organisation to develop a written case for support.

### **What is Case for Support?**

A case for support draws together all relevant information about a project in one place and in written form. It helps to ensure that all thinking and planning about the project is made explicit, it limits inaccuracies and minimises misunderstandings both internally and externally about the work. It both summarises the need for the project and its aims and objectives. It should also ensure that any achievements already made, experiences gained and lessons learned are noted.

### **Who should draft a Case for Support?**

While the raw information will need to be supplied by the project themselves, it is usually advantageous for someone other than those directly involved to draft a CFS. This enables objectivity and allows for a fresh pair of eyes to review the material and identify areas that require further explanation. Those working closely on a project are often not aware of the assumptions they make nor do they realise the specialist knowledge they have about the work may not be held by the funders.

### **What are the elements of a Case for Support?**

While some of these questions may appear to overlap, often answering each question separately draws out different aspects of the work.

1. Clear statement /description of the need/problem/situation of concern

- Include any research that either identified or supports the problem as understood by the project
  - Describe the need in both statistical as well as human interest terms if at all possible
  - Don't assume any prior knowledge of the issue
2. Description of how 'the world' would look like if the problem were solved
  3. Description of what action needs to be taken to bring about solution described in 2.
  4. Description of what specific activities the organisation/project will do (and when) to bring about 3
    - Including time frames for work (e.g. 2 sessions run per week between Sept and April)
    - any plans for expansion or future phases of project
    - any partnerships with other organisations
    - Where the work will take place
  5. Establish the project's credibility
    - Qualifications and experience of project staff
    - Past achievements of project/organisation in this or related area
    - Experienced gained/lessons learned in any earlier phases of project
    - Any funding already gained/assured
    - Endorsements gained from relevant parties
  6. Description /estimate of impact of work, including any measurable outcomes  
eg: number of beneficiaries helped
  7. Comprehensive list of resources needed to achieve project objectives (as at point 4).  
Resources will include people, materials, etc
  8. Establish full costs for the resources at 7 and translate these into a budget.

### **Once drafted, how should the Case for Support be used?**

Ensure that those involved in managing and running the project 'sign off' on the case for support. This will ensure that you have minimised misunderstandings.

The document should be used as a central reference document for anyone involved in researching potential funders, as well as in drafting funding applications and follow-up material.

It will help to identify one aspect of the project for the potential donor to give to – matching their particular interest to the work of the project. Identify something either from the activities being run (e.g. each session cost £250) or linked to beneficiaries (it costs £15 to treat each person).

It will help provide a clear statement about how 'their' bit makes a difference (one young person will have the skills to apply for a job to support him/herself and family...)

It will also minimise the need to continually refer back to the project should questions arise from a potential funder.