Transforming to a Philanthropic Board
Stages of Evolution

- **Ambassador**
  - “I will ask others to give”

- **Advocate**
  - “I will ask others to become involved”
  - “I will be an ambassador… I will advocate the organization to others”

- **Donor**
  - “I will give again (annually)”

- **Volunteer**
  - “I will give”
  - “Giving is important”

The Alford Group
www.alford.com
Kresge Special Opportunities Initiative

• Build the development capacity of high impact nonprofits but minimal FR function
  – 7 non-profits: 6 human svcs (incl. one FQHC), 1 arts
  – $6.75MM over 3 years, including bonus payment for reaching individual FR goals
  – National FR consulting firms
Keys to developing fundraising capacity

- Organizational commitment & readiness
- Time & change
- Professional staff
Organizational readiness & commitment

- Commitment of top leadership (CEO, board) for the long term
- Development of infrastructure & culture supportive of fundraising
Time & change

• Capacity building takes time, and 3 years is the likely minimum needed to see real growth is SOI type organizations
Professional staff

• Importance of hiring professional, qualified staff

• Warning signs:
  – commission based staff, consultants
  – CDO not reporting to CEO
  – No board level FR committee
  – Events driven FR
  – Expectations that FR staff solely responsible
COMMON PLANNING MYTHS

• “If we build it, they will come”
• People will finally be able to connect our name with our program
• It will give us a permanent home
• It will enhance our fundraising ability
• Being under one roof is essential and will increase our efficiency
• It will give us control of our space
COMMON PLANNING MYTHS

• If we don’t do it now, we never will
• This is a unique opportunity
• Once we break ground and they know we are “real”, the money will come
• We have survived in the past, and we will this time
• Our funders won’t let us go under
CAPITAL STRUCTURE IS ESSENTIAL TO SUCCESS

Mission and Program

Capacity → Capital
ORGANIZATIONAL READINESS INDICATORS

1. Clarity of purpose
2. Consensus
3. Commitment
4. Leadership
5. Stakeholders
Strengths/Weaknesses Checklist

- Organizational Purpose
- Programs
- Fundraising
- Financial Management
FINANCIAL READINESS – RED FLAGS

1. You have difficulty meeting payroll or paying payroll taxes

2. You borrow from officers/directors

3. You are unable to pay your bills promptly, or the time it takes to pay your bills is steadily increasing
4. You had a significant deficit last year

5. You don’t know how you will end this year financially

6. You cannot explain your audit
1. User demand is growing steadily and because of your facility’s size, you cannot meet demand

2. Other indicators, such as membership, clients, subscribers, and students, also show steady growth

3. You successfully tap major new funders each year

4. You have a financial system (formal or informal) which tells you how this year will end financially, why, and what is necessary to achieve this result
• Facilities are a means to an end
  - Defining long-term program goals is essential before undertaking a major facilities project

• Major facility projects accelerate organizational change
  - Plans need to be at least as long-term as the facility commitment--preferably longer
• Market analysis

• Usage projections

• Identification of revenue enhancement opportunities

• Operating costs
KEYS TO CAPITAL CAMPAIGN READINESS

- Diversified donor base
- Broad base of volunteers
- Strong case for support
YOUR PROJECT’S RELATIVE SIZE

0-30% = Incremental growth

30-60% = Significant organizational change

60-150% = Program doubles; major organizational change

150% + = Major transformation of organization, programs, governance and management
INCREMENTAL GROWTH

• Fund the project itself

• Fund the larger infrastructure an expanded organization requires

• Manage the project…in addition to everything else

Remember: Phasing the project can reduce risk!
SUMMARY

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THE KRESGE FOUNDATION

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