Measuring Fundraising Effectiveness

Cristi Wetterberg | Utah Humanities
Jodi Graham | Utah Humanities
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Presenters

Cristi Wetterberg  
Development Director  
Utah Humanities  
wetterberg@utahhumanities.org

Jodi Graham  
Executive Director  
Utah Humanities  
graham@utahhumanities.org
Based on the American Association for State & Local History’s Standards and Excellence Program
WHAT IS FUNDRAISING?

- Fundraising is about sharing a story you are passionate about with someone with similar interests.
- Fundraising is about cultivating and maintaining relationships.
- Fundraising takes time – to build relationships, share your story, and demonstrate your value.
Fundraising Overview

● Evaluate your current needs:
  ○ What does your organization need most right now?
  ○ A few years from now?
  ○ How can you work on strengthening key relationships now to build support for future needs?

● Evaluate your resources, be realistic regarding staff time and budget – prioritize!

● Evaluate your ROI for current and potential fundraising methods, and choose wisely.

● Don’t go it alone – board members & volunteers can assist with fundraising efforts in many ways.
WHERE TO START?
ASSESS YOUR ORGANIZATION

● **What can you do** in relation to fundraising?
  ○ Be creative within your boundaries!

● Broaden your view of fundraising to include “friend-raising”
  ○ Identify and develop relationships with key stakeholders who hold the purse-strings to your community (e.g., individuals, organizations, businesses), and are taxpayers and supporters of your governing authorities.

● **Through the lens of this broadened view of fundraising**
  ○ How can you utilize and modify as needed, any of the general principles we’ll cover today?
ASSESS FUNDRAISING CULTURE IN YOUR COMMUNITY

- How many other organizations in your community are fundraising?
- How are your peer organizations funded?
- How many grant-making agencies and foundations give to your community?
  - What is their focus?

ASSESS FUNDRAISING CULTURE IN YOUR COMMUNITY

- Which are the most generous businesses and corporations in your community?
  - How do they like to give? (cash, volunteering, in-kind goods or services, etc.)

- Are there philanthropists in your community?
  - How do they like to give?

- What is the per capita income of your community?

ASSESS YOUR OWN REALITY

- What has worked in the past? What has not? Why?
- Choose wisely – evaluate available resources for fundraising (time, staff, volunteers, budget, etc.).
- Know your audience and target your efforts.
- Include in-kind donations in your fundraising (volunteer hours, goods, services, etc.).
- Diversified income streams are critical to sustainability.
WHY SHOULD PEOPLE SUPPORT YOUR MUSEUM? (think more broadly than money)

- What is the need?
- How can you tell this is a pressing need?
- How is your organization uniquely qualified to tackle this need?
- What will be the benefits of your action?
- What are the negative consequences if you fail?

Start with a Case Statement

Bernard Ross & Clare Segal, The Influential Fundraiser
Create Your Case Statement

- Make it visually appealing – start with engaging images and infographics for data.
- Keep it story-centered – the secret to success is knowing your audience and crafting a story that resonates with them.
- Your Strategic Plan can feed right into your Case Statement.
- Wrap your Case Statement in a story that illustrates the impact of your organization and/or project.
- Your Case Statement should clearly articulate:
  - why people should support
  - how the money will be used
  - the impact of their gift
The Art of Storytelling

- Exposition
- Rising action
- Inciting incident
- Crisis
- Climax
- Denouement
- End
HANDS-ON ACTIVITY #1
BUILDING A CASE STATEMENT

Answer these questions to start developing a case statement for your museum (10 minutes):

✓ What is the need?
✓ How can you tell this is a pressing need?
✓ How is your organization uniquely qualified to tackle this need?
✓ What will be the benefits of your action?
✓ What are the negative consequences if you fail?

Bernard Ross & Clare Segal, The Influential Fundraiser
FUNDRAISING METHODS
A Healthy Fundraising Program

Evaluate fundraising effectiveness to provide a more complete picture of your museum’s fundraising health.

- Enough Money to Fund Programs (Total Fundraising Net)
- A Responsible Balance of Risk & Reward (Dependency Quotient & Cost of Fundraising)

= Healthy Fundraising Program

*Boardsource, Measuring Fundraising Effectiveness*
Fundraising Methods

- Membership
- Grants
- Individual Gifts
- Sponsorships
- Events & Earned Income
- Annual Fund & Campaigns
- Planned Giving
HANDS-ON ACTIVITY #2
EVALUATING FUNDING METHODS

1) Read “Writing Your Fundraising Plan - 9 Steps” information (5 minutes).

2) Complete “Evaluating Funding Methods” exercise on pages 2-4 (10 minutes).

Modified from Rackusin & Yokoi, Writing Your Fundraising Plan.
HANDS-ON ACTIVITY #3
SETTING FUNDRAISING GOALS & TIMELINE

1) Complete Goals and Timeline sections on pages 1-2 (20 minutes).

2) If needed, see the “If you get stuck” information (page 3) or the sample plan (pages 4-6).

3) Group discussion about takeaways from the exercise (10 minutes).

Modified from Rackusin & Yokoi, Writing Your Fundraising Plan.
MEASURING FUNDRAISING EFFECTIVENESS
Three Measures

- Total Fundraising Net
- Dependency Quotient
- Cost of Fundraising
Total Fundraising Net

Total Amount Raised
- Total Fundraising Expenses
Total Fundraising Net

$1,000,000 raised
-$200,000 fundraising expenses
$800,000 total fundraising net
Dependency Quotient

Contributions from 5 Largest Donors/Fundors

\[
\frac{\text{Total Organizational Expenditures}}{\text{Contributions from Top 5}} = \text{Dependency Quotient}
\]

\[
\frac{$250,000 \text{ from Top 5}}{$1,000,000 \text{ Total Expenditures}} = 25\% \text{ Dependency Quotient}
\]
Cost of Fundraising

Total Fundraising Expenses

\[
\text{Total Fundraising Net} = \text{Cost of Fundraising}
\]

$50,000 Fundraising Expenses

\[
\frac{\text{Total Fundraising Net}}{\text{Fundraising Expenses}} = \text{Cost of Fundraising}
\]

$150,000 Fundraising Net

\[
= \frac{\$150,000}{\$50,000} = 3 \text{ times}
\]

= $50\% \text{ Cost of Fundraising}

(Spent $0.50 to net $1.00)
Balancing Risk and Reward
Fundraising Effectiveness Tool

CALCULATE YOUR COST OF FUNDRAISING

- What is this number?
- What does it mean?
- How do we use it?

Download a copy of the Fundraising Effectiveness Toolkit Template

https://artsandmuseums.utah.gov/steps-ut/
WRAP UP
Key Takeaways

- Remember to view fundraising through a **broad lens**.
- Fundraising is about **sharing a story** you are passionate about with someone who has similar interests.
- Fundraising is about cultivating and maintaining **relationships**.
- Evaluate and **prioritize** your fundraising & friend-raising efforts.
- **Diversify** your funding sources.
- Clarify **what** needs to happen, **when** it will happen, **who** is responsible, and what **resources** are needed.
- Develop a compelling **case statement** as the basis for all your communications and fundraising and friend-raising efforts.
- Ensure you have clear & **consistent messaging**.
- **Gratitude!** Thank in ways that are meaningful to the giver.
Questions
Recommended Resources


How to Write a Great Case Statement for 21st Century Donors
https://www.thebalancesmb.com/how-to-write-a-great-case-statement-for-today-s-donors-2502100


BoardSource, Measuring Fundraising Effectiveness

Taproot Foundation: Pro-bono services in areas that are often underserviced from finance to HR support
https://taprootfoundation.org

Indiana Historical Society, Detailed descriptions of funding methods and key considerations

Boomerang: free webinars with experienced presenters and relevant, timely content, blog posts and articles
https://bloomerang.co/blog/

Council of Nonprofits https://www.councilofnonprofits.org/tools-resources-categories/fundraising

Classy https://www.classy.org/blog/11-tried-and-true-nonprofit-resources/

Network for Good https://www.networkforgood.com/non-profit-fundraising-resources/
Wrap Up! Thanks for Coming!

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Cristi Wetterberg | Utah Humanities
Wetterberg@utahhumanities.org | 801.359.9670

Jodi Graham | Utah Humanities
graham@utahhumanities.org | 801.359.9670