Center for Rural Entrepreneurship
energizing entrepreneurial communities

CAPITAL CAMPAIGNS PAPER

Community Development Philanthropy

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Background & Introduction

Our primary focus within Community Development Philanthropy is legacy giving and community endowment building. In many cases, communities engage in Community Development Philanthropy through a desire to complete an important project like a new library, park or addition to a school athletic field. These capital projects can introduce communities to Community Development Philanthropy and eventually legacy giving and community endowment growing. *This paper, Capital Campaigns, summarizes key considerations to address when visualizing and executing a capital campaign related to a capital construction project.* It should be noted that capital campaigns can also be used to raise funding for a development initiative or to see a new important project like a youth sports program. In these capital campaign situations, three to five years of start-up and operational funding is raised with all funds spent.

Additional Information

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Checklist for Moving from Dream to Reality

Stage of Development. The first step is to determine the stage of development of the program. Think of the stages of development as a continuum ranging from a great idea to a feasibility study to a fully developed project with architectural drawings, land for the project, detailed case statements and complete budget. The stage of development will determine what work is needed to move from great idea through a feasibility study to a fully developed project.

Fundraising Goal. With a fully developed project, there is detailed and solid financial information that can define the fundraising goal. However, if a community needs $3 million (construction, etc.) for a new community center consideration should be to set a higher goal for three purposes:

1. Likely cost over-runs
2. Operating endowment
3. A portion of all gifts flowing to the community's unrestricted endowment

A new fundraising goal might look like the following under this expanded scenario:

- Construction (etc.) goal of $3.5 million.
- Operating endowment goal of $1.0 million.
- $500,000 of the total endowment for the community's unrestricted endowment for yet to be seen needs and opportunities.
- Total fundraising goal of $5 million.

Campaign Consultant. Communities have finite human and organizational capacity and expertise. Often, there is merit in securing a campaign consultant. Every state has such consultants and some community foundations, through their non-profit service centers, offer such services at a below market cost. If a consultant is selected, they will bring a framework and process and help the community design a campaign. If the decision is NOT to hire a consultant, then the community must take on this role and address the following key organization capacity issues:

- Chairpersons
- Committee
- Supporting Group
- Charitable Qualified
- Fundraising Vehicle
- Funding for the Campaign
- Development of a Donor Profile
- Management
- Finances
- Etc.

Campaign Stages. Each capital campaign is unique, but typically there are two distinct campaign stages:

Silent. At a minimum, at least 50% of the envisioned fundraising goal should be raised through the non-public or silent campaign. Therefore in our example of a $5 million goal, $2.5 million would be raised through the silent campaign. A typical gift profile might look like this:

- Anchor Gift = $1 million
- 4 Major Gifts of $250,000 each = $1 million
- 5 Significant Gifts of $100,000 each or 10 at $50,000 each = $500,000

Bridging between the Silent and Public campaigns is a challenge where some or all of the silent gifts are used to challenge other donors during the public campaign. **Challenges** (set by the

organization) are fantastic public relations and motivators for broader community engagement. "We are half-way there! If we can match the challenge, we can get our new community center!"

Public. The public campaign often involves two parts – grants and smaller private gifts. Often with community projects with a broad benefit, the projects can qualify for government or foundation support. A typical public campaign gift profile might look like this:

- 2 to 3 Grants of $500,000 each = $1.5 million (likely grant sources include local government, USDA Rural Development, area private foundations, corporations and even community foundations).
- 25 $10,000 gifts = $250,000
- 25 $5,000 gifts = $125,000
- Balance from smaller gifts from residents, businesses and fundraising events = $125,000.

With smaller donors, community rooted capital campaigns may create "builder clubs" or "legacy societies" to encourage broad participation and constructive competition. Specific organizations like civic groups may set a mini-goal competing with other civic organizations to see who can meet their goal first.

Campaign Timeframe. Assuming we at a launch point with a detailed project ready for fundraising we suggest the following timeframe:

- First six months – Silent Campaign
- Next 12 months – Public Campaign*
- Next 6 months – Getting Ready for Construction
- Next 12 months – Construction
- Ribbon Cutting!

*During the silent campaign, grant funders are approached and wheels are set in motion to begin securing contingent grant commitments based on success with the silent and public portions of the campaign.

In this not untypical scenario, we are looking at 3 years of hard and sustained work from start to finish.

All the *Stuff*. Capital campaigns require lots of "stuff" or materials. If a campaign consultant is employed, they will have templates including tested language that can be used. With a go it alone approach, all of these materials will need to developed and produced. In this case, we suggest that communities identify other area communities that have done similar projects, visit those communities, gather their materials and modify it for your campaign.

Recognition. Recognition is important, but there are at least two choices on how to proceed:

Egalitarian. We are seeing more situations where levels of giving are not being employed. Every gift is viewed as important. However even in these cases, the anchor donor may have naming rights on the building and lesser donors (major, significant, etc.) may have naming rights to rooms and spaces within the building.

Levels of Giving. **"**Levels of giving" recognition is more common, and these levels are tied to the size of the gift based on the gift profile developed for the campaign. Common names include platinum, gold, silver, etc. Again as part of the community's homework, we suggest visiting similar projects in area communities look at their recognition approaches, names, etc. and selecting the concept that enjoys the greatest support.

Over my career, I have been involved in hundreds of capital campaigns with the largest being about $10 million. Every campaign is very different, and the concepts and techniques must be customized to the realities, opportunities and preferences of the community and their project. There are hundreds of significant tactical details that contribute to or limit success. Higher education and health care are experts at capital campaigns. If a community cannot afford a consultant, consider engaging the CEO, CFO or development officer from the local college, hospital or care home. Chances are good they have been through this and may have professional training.