Strategy and fundraising update from Action Planning
Issue 29 - Winter 2006

Waymark

Britain's richest donors guide big gift fundraisers

Over 700 charity fundraisers gathered at Action Planning's annual 'Raising funds from the Rich' conference to hear Britain's wealthiest philanthropists give advice on big gift fundraising. They included Felix Dennis, who has built a £750 million fortune from publishing and now supports and fundraises for a range of charitable causes.

Dennis warned that 'over zealous, over glossy' fundraising alienates the super-rich and set out 'ten golden rules' to help major donor fundraisers increase their success rates.

Photo: Elizabeth Handy

Publishing magnate, **Felix Dennis**, addresses 700 charities at 'Raising funds from the Rich'

1. Do not underestimate the fragility of the egos of the rich. They may swan about in private jets and Rolls Royces, but deep down they are terrified that the world will discover that they're not all that bright. Flatter their ego and vanity at every opportunity.

2. Do not be put off when you are initially rebuffed by potential rich donors. They are rude because they are sick of meeting people with their hands out. The more abrupt the initial 'no' is, in my experience, the more likely it is that 'yes 'will be the final outcome.

3. Remember that these rich people believe they're special. They are not special, of course, they're simply rich, but so many will have told them that they're special. You must pretend that you too believe they are special.

4. Don't ask for money for general purposes, create a special programme for each rich

continued on page 2

Action Planning introduces Britain's largest database of the rich

Major donor fundraisers have a powerful new resource in 'Wealth Intelligence', developed by Action Planning consultants in association with Prospecting for Gold.

continued on page 2

In this Issue:

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continued from page 1

Britain's richest donors guide big gift fundraisers

donor, perhaps a tailored programme of giving that will have their name on it, or their wife's or company's name on it. Give them a new project with which they will always be associated.

5. Rich people are often asset rich and cash poor, so new special projects, specially crafted for high wealth individuals, should always last for at least three, four or five years. This enables them give much more, and punch above their weight.

6. Do your research, and focus initially on the donor's greatest enthusiasm, then broaden the relationship by degrees. I love trees and one charity said 'Felix could we send a small group of under privileged children to come and view your newly planted woods'. Later they asked me to fund minibuses to help ferry the children to the trees, and then a special programme for these children, teaching them all about the English countryside.

7. Get a hand written note from a celebrity, if you can. I once received such a letter from the presenter, Jon Snow, a wonderful man and has dedicated much of his adult life to a terrific charity for homeless children in London. That short hand written note, without any piles of literature, decided me then and there. He got my personal cheque the next day.

8. Do not switch the contact. Some years ago, I met a young woman at a function, who chatted about her charity. She was genuine, she was involved, and I felt I'd like to help. I gave her charity £100,000 and said I would consider giving them the same amount next year. But then the charity's chief fundraiser arrived, without her young colleague. She was tough, desperate to prove that she could milk me for far more money, and that ended it for me.

9. Take the senior PAs and the senior accountants of high wealth individuals and donors out to lunch. PAs run our lives. We are utterly in thrall to them. My senior PA has been with me for 30 years, but in all that time only three charities have had the wit to woo her with a simple lunch.

10. Many of these high wealth donors are very good at business. They are much better at making money than you are, so use their skills. Once they have become a donor say 'I want 15 minutes of your time and I promise not to ask for more money.' Then ask them to start thinking about ways in which your charity could raise and earn more money.

Photo: Elizabeth Handy

David Senior, Action Planning Marketing Director, interviews management writer **Charles Handy**

Other speakers included Europe's leading management thinker, Charles Handy, who spoke on 'the new philanthropists', his study of twenty three relatively young people who have built fortunes and then used their resources and skills directly to tackle social problems. '"These people don't just write cheques, they want to be actively involved" Handy told delegates. "You need to put to them propositions which offer real challenge and the opportunity to engage personally with your beneficiaries."

The New Philanthropists by Charles Handy is available from Amazon at £13.20 (RRP £20). www.amazon.co.uk

continued from page 1

Action Planning introduces Britain's largest database of the rich

Wealth Intelligence is a unique service from Action Planning, which gives fundraisers everything they need to develop successful campaigns for major donors, planned giving or legacy marketing, including access to the UK's largest factual database of the wealthy, containing 300,000 names, advanced data analysis software and consultancy support from Action Planning.

Action Planning is helping charities to identify those supporters capable of making big gifts by screening their donor and contact lists against this wealth database. We are also able to generate new names; wealthy people living locally or sympathetic to a charity's cause. Wealth Intelligence uses sophisticated data analysis software and is a powerful tool for real time data mining, profiling and selection.

The database contains information on around two thirds of Britain's 450,000 cash millionaires including primary attributes such as their wealth band, investment types, directorships and other business information, social networks, history of philanthropic and charitable giving and socio economic background. Charities can purchase 'wealth tags' identifying the wealthy people on their supporter bases, snapshots of the information available on each person and detailed profiles.

Wealth Intelligence goes far beyond wealth screening and includes comprehensive support in engaging donors; working with charities to give their teams the support and confidence to approach potential major donors at the right time, in the right way, with a proposition tailored to their interests. Action Planning consultants begin by reviewing each organisation's progress to date, the strength of their case for support, current donor recruitment and development

processes and donor management. We then provide a written evaluation of their potential, and recommended next steps.

These usually include mapping the existing networks open to the charity, developing a compelling case for support, mentoring the staff, trustees and other supporters involved in making 'asks' of major donors. All potential major donors should ideally be approached directly but, where capacity is an issue, Action Planning will also approach donors on charities' behalf.

Releasing the potential of *your* brand

Dawn Wood, Senior Consultant in Action Planning's Strategy Consultancy team, explores how to use commercial 'branding' techniques to increase the appeal of your cause, without losing your soul.

Dawn Wood, Senior Consultant, Action Planning Strategy Consultancy

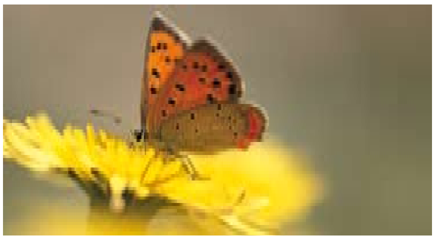
Most dictionaries will tell you that a brand is 'a marking or device to differentiate one product from another' but there is much more to branding than choosing a logo. Your brand values encapsulate the essence and personality of the organisation, and must permeate all you think, say and do if you are truly to release the value of your brand.

Brand values can play a vital part in helping prospective supporters feel warm towards you. The brand can inspire, engage, build relationships and ensure loyalty. It can also set you apart from other organisations working in the same field, provided that branding focuses on your 'point of difference' and is reflected consistently throughout the organisation.

Your team needs to discuss how your values, character and vision can imbue all your communications. Staff and creatives have to understand what the brand means so that they can reflect it fully in their work. If you don't keep 'talking the brand' to each other, it can become like a deceased uncle, whose wonderful qualities are forgotten because nobody mentions him anymore.

'Talking the brand' means actively taking the brand into account when taking decisions and asking the key questions. Does our next fundraising event reflect the brand appropriately? What style of annual report best reflects our brand style? Does the way we conduct our internal meetings reflect the sense we have of ourselves as an organisation, and if so, in what ways, so that we can keep doing it?

By doing this, everyone will get to know the brand better and will reflect it more and more in their work, transforming the performance of the organisation as well as the way it is perceived by the outside world.



Let's start from here...

Action Planning has been through a rebranding exercise in recent weeks. Our Chairman, David Saint, explains the thinking behind the new 'stones' logo and 'journey' metaphor.

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"Inclusive", "unpatronising", and "accepting us as you find us" – these were some of the responses from clients to our planned new logo and strapline.

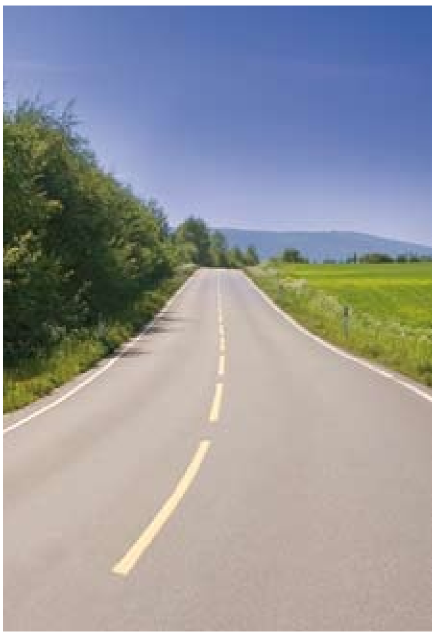
After sixteen years of gradual evolution of the Action Planning 'brand' and identity, it was time for a complete makeover, so we asked our design partners, Knibbs Associates, to propose ways of conveying graphically the personality of the organisation and the way in which we work with our clients.

Simon's team came up with a massive range of options for us, which we whittled down to two very different approaches. Avoiding the trap of simply asking for opinions around our office, we shared the two options with a number of clients and prospective clients, to see what messages they took from each.

The 'stones' logo and 'journey' metaphor emerged the clear winner and all Action Planning's material will be produced to the new design over the coming weeks.

A simple pile of stones has been used for centuries as a 'way mark' – a means of identifying a path or route. When Action Planning consultants engage with their clients they do so as fellow travellers on a journey. They recognise that one client's starting point may be very different from another's, and that whilst the consultant's familiarity with the route is a great advantage, each client will want to make the journey in their own way, and at their own pace.

The 'stones' logo sets the scene for another exciting part of Action Planning's journey. Where are you in your travels? Would you appreciate some company? Let's walk along together. *Let's start from here.*



Demystifying full cost recovery

Full cost recovery is high on the current agenda. Cynthia Hansen, Director of Management Consultancy at Action Planning, examines the key principles behind cost allocation models.

Real project costs extend far beyond the direct expenses. They must include office space, executive time, support staff and the various costs of running your organisation. Full cost recovery is a system for calculating your overhead expenses, then allocating portions to a specific programme or project.

Why is this important? The more you know about your actual costs, the smarter you can be about budgeting, forecasting and fundraising. The process has four basic steps:

Cynthia Hansen, Director,
Action Planning Management Consultancy

1. **Calculate your direct project costs.**

2. **Calculate your overhead costs. The acevo model, recognised by funders, divides overheads into four categories:**

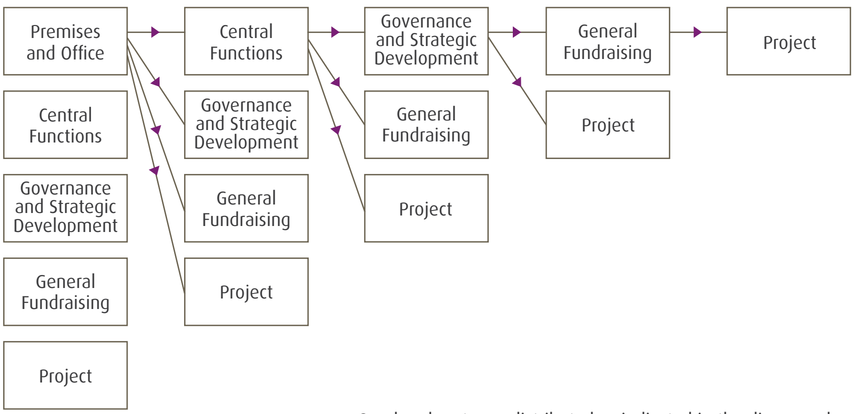
- premises and office costs
- central function (salaries and on-costs, admin, director function, etc.)
- governance and strategic (audit, board costs, etc.)
- general fundraising (salaries and on-costs, direct mail, events, etc.)

3. **Allocate the overheads, for example dividing by the number of staff.**

- First divide the premises and office paint among central, governance, fundraising and the project.
- Then divide the central function (which now includes office costs) among governance, fundraising and the project.
- Finally, divide the governance (now including office and central costs) between fundraising and the project. If you do not need additional funding for the project, the process ends here and you have your full project costs.

4. **If the project is not fully funded and you do need to draw on general fundraising monies, you must also allocate a portion of the general fundraising costs. Calculate this proportion and add it to your project costs.**

This process will clarify all the direct and overhead costs of the project. These will be considerably higher than your direct project costs alone. But knowing your true costs puts you in a much stronger position when deciding how much to bid, fundraise and subsidise to deliver your project.



Overhead costs are distributed as indicated in the diagram above

Running successful projects

Project management is a key competence which charities must demonstrate if they are to bid successfully for grants and contracts and then run these effectively. Paula Robinson of our Management Consultancy team explores some of the key principles.

Establish your mandate. Check out whether your project is really the right project – this will be easier if your organisation has a formal project approval mechanism linked to your strategy cycle (and if not, how does it make sound budget decisions?).

Know why you're doing it. Write down your project's title, purpose, scope, benefits, rationale, assumptions, costs, timescales, methods, desired outcomes and target audience. Clarity at the outset helps to get everyone singing from the same songsheet, elicits helpful critique, and protects against later misunderstandings or external 'course corrections'.

Know who has authority. Having structure and accountability in place will ensure better control, proper alignment with organisational strategy, and a decision-making route when needed.

Planning. Write down a clear project plan, and during the roll-out of the project, keep checking that you're still heading for the right outcomes. Define the stages of work and the requirements and interdependencies at critical points, and make sure the people who are involved in delivery know this in advance.

Build in quality and outcome measurement from the start. Develop an inbuilt way of evaluating and monitoring success, impact and outcomes. Keep it simple. Don't let it become a big issue later.

Resources. Make sure you have them lined up before you start – including your own time. The rule here, I'm afraid, is 'trust no-one'. Get the money moved into your budget and get confirmation of staff time allocation in writing from managers.

Maintain good communication with all your key players, if only to tell them that everything is going swimmingly. Good news is still news. Or do you only want them to think about you in connection with a major catastrophe or bad news?

Monitor the scope. 'Scope creep' often indicates the need for one or more separate, additional pieces of work. Avoid diluting and sabotaging your project by adopting people's extra agendas and wish lists into it mid-way through.

Risk management and learning from mistakes. Try to identify and mitigate risks in advance. Have contingency plans up your sleeve. Not all risks can be anticipated, or avoided – your project structure, however, will give you a natural mechanism for problem-solving and decision-making. Always consider what you can learn from any mistakes or unforeseen incidents – and share useful information with others.

Manage the end of the project. Make sure it DOES end. It is surprising how often projects don't. End with a final report and recommendations, summarising and evaluating outcomes, and setting out the next steps, including any relevant ongoing monitoring such as regular reporting to funders. This is also the time to make recommendations about areas of future work, and to get these into your organisation's decision-making and fundraising systems.

Paula Robinson,
Action Planning Management Consultancy

Bidding for statutory grants and contracts

Derek Smith, Action Planning's lead consultant on statutory funding, explains some of the key principles behind successful bidwriting.

- Whilst having a good relationship with a funder remains important, it is critical that you score highly on an application form. If you fail to reach the required score (often around 70% of the available marks) your application will not progress to final evaluation.
- Be wary of gateway questions. These are questions which the awarding panel believe are critical to the programme. A separate and sometimes independent evaluation will take place. The most common gateway questions relate to equal opportunities, partnership and sustainability.
- Simply scoring well on the individual section on partnership for instance will not be enough. You must refer to your partners, their role and expertise throughout the application form.
- Make sure that when partners provide supporting letters, they indicate what their role is and outline their track record.
- Remember that a good partner will have a different set of skills and expertise which might increase your score in relation to a wide range of questions.
- Don't forget to obtain feedback. Even if you obtain the tender you applied for, there are likely to be specific questions that could do with improvement next time.

Should your hospice launch a capital appeal?

Margaret Martin, Director of Capital Appeals at Action Planning, sets out some of the key questions hospices, and indeed any other organisation, need to address before launching an appeal.

With the recent Government announcement of a £40 million capital funding boost over the next two years to make physical improvements to adult hospices, many hospices are considering linking this investment with a capital appeal to secure incremental funds.

Margaret Martin, Director of Capital Appeals, Action Planning

- Is the project feasible and value for money?
- What will be the impact on our regular fundraising activities and income, both during and after the appeal?
- Do we have the skills, connections and resources required to run a successful campaign?
- Is our case for support convincing and will it motivate current supporters to give additional gifts?
- Our uniqueness is our geographical catchment area, so what is the capacity of all potential funders in our area to support a campaign?
- How will our project compare with other hospice capital programmes being considered by national funders, such as some of the major trusts?
- Is our database sufficiently big and up-to-date to support segmented or tailored approaches to individual donors?
- Can we quantify direct patient benefit and additional numbers who will be helped by our proposed plans and will any additional services be possible?
- What other capital projects are running locally?
- What is our public profile?

These factors all influence the likelihood of success, and commissioning at the outset a thorough, external fundraising feasibility study enables you to take an overall view of the viability of the appeal and the fundraising strategy which should be followed.

Raising funds from America for UK Causes

UK charities are raising unprecedented sums from US donors, particularly foundations established by the new super-rich. Action Planning's USA-based consultant, Ken Hoffman, explains how UK organisations can benefit from this trend.

Ken Hoffman in front of the Buckman Tavern, Lexington, Massachusetts, where the 'Minutemen' gathered in 1775 for the opening battle of the War of Independence. Today, American donors respond more positively to financial appeals from the UK

The British Museum, Oxford University, Prince of Wales Foundation, Royal Academy, and Tate Gallery. Five registered charities with little in common as to their programmes. Yet each raises $1 million or more each year in the USA. All large and well-known institutions, you might say.

But what about: Chawton House Library, International HIV/AIDS Alliance, and the University of Sussex? They raised $5 million in one year, $12 million in four years, and $15 million in two years, respectively. Not as well known in America as the first group. Apparently, more successful at fundraising.

The UK has about one-quarter of the USA's population. The number of charities in both countries – about 250,000 vs. 1,000,000 – is proportionate. But the amount of private money contributed privately by all sources differs markedly: around £8.2 billion p.a. in the UK vs. £140 billion in the USA.

Fundraising in a philanthropic market the size of America is, however, a major undertaking. It most closely resembles a capital campaign, since it requires a feasibility study, then nearly a year's implementation before significant results are normally obtained, all at significant outlay of funds, easily in the £10,000-20,000 range.

Above all, it requires major commitment from the UK charity itself: staff and finance, of course, but especially trustees, volunteers, and friends who are essential to 'open the door.'

The most fundamental question that a UK charity must ask is, 'Why should American donors give to a British charity?' There is no single answer. Rather, there are different answers for each of the three main sources of donor funds: foundations, corporations, and individuals.

The large foundations – Gates, Ford, Rockefeller, Lilly - are often called 'program-driven'. They adopt a set of program goals from time to time and at least pretend that grants are awarded chiefly to charities which will advance the foundation's own goals. They often organise their giving by geography, which in turn is influenced by history.

Try to find an American foundation eager to give for relief work in North West Africa and you will find nothing – there is no American linkage to that part of the world. But look for American donors to programs in central and eastern Europe and the story is quite different.

Foundations only account for 12% of the £140 billion available p.a., but it is the place to start for most UK charities. The foundations exist to give money away; the data is available; the staff await your enquiry.

Corporations account for only 5% but they, too, are institutions and are staffed, if only in a skeletal way. Corporate giving from the US has less large scale 'sponsorship' in the UK fashion and more, smaller, often annual gifts. A slow-growing, but steady source of income, if you happen to have your nature reserve next door to the local Coca-Cola bottling plant.

Individual giving accounts for a staggering 83% of annual contributions in the USA (although 7% of the 83% is from dead people, by bequests, so non-renewable). Half of that total is for religion – ironic, you might think, in a country with no established church! But the rub is that those living individuals are hard to reach, scattered over a continent. And they must have a receipt from a US charity – such as an 'American Friends' group or 'CAF America' - to claim tax advantage. Individual giving is the hardest to reach for a UK charity and should be the final stage of an overseas effort.

A UK charity must make a programmatic connection between itself and the USA donors. The philanthropy must go beyond, "They have; we want", to a shared goal. For instance, a medical charity might have advances in treatment of heart disease that are applicable world wide. Or a relief agency might work in a part of the world, South Asia, where there are few American charities. Or a World War Two memorial site in Britain might appeal to US veterans.

There are important cultural issues which you need to address. Under 'British conversation rules' the essence of what is communicated is implied, but not stated. An American conversation is the opposite. As a result, you must take great care to answer explicitly - that means saying it out loud - the answers to the four questions the American donor has: Who are you? How much do you want? What do you want it for? Why should I give?

Action Planning has been helping UK charities for years to design and implement programmes in the US. A fundraising programme in America requires careful analysis, intensive preparation, long term commitment, and cultural awareness to succeed. The results never happen overnight but can provide a handsome return on your investment.

Ethical Fundraising

David Saint, Chairman of Action Planning, examines the apparent conflict between maximising income for your beneficiaries and meeting "ethical fundraising" requirements.

I was recently asked to address a meeting of FICO (Fundraisers in Christian Organisations, www.fico-sig.org) on the subject of ethical fundraising.

In these days of public and institutional scrutiny, governance, political correctness, codes of practice and personal rights, one seems to have to tread incredibly carefully in planning and implementing just about any form of fundraising. As I prepared the presentation I found myself approaching the issue from an unexpected viewpoint.

The essence of my thesis became first, that a form of fundraising should be innocent until proved guilty and second, that the benefit of the doubt should lie on the side of bringing in the money, in the interests of our beneficiaries.

In preparing my presentation I learned that there are two quite different approaches to ethics: the deontological approach which decrees that certain actions that will always be right, regardless of the consequences and the teleological approach, under which you consider the consequences of an action before you decide whether it is right or wrong.

In the context of charity fundraising, ethical issues are further complicated by the fact that different people and organisations might take a different ethical stance over exactly the same issues.

I therefore suggest charities establish some 'touchstones':

- Is it explicitly forbidden?
- Does it seem to be implicitly forbidden?
- Does it feel right?
- Would we be concerned if particular people or organisations found out?
- Would that actually matter?

I therefore developed a matrix of the key groups which may take a view on the ethicality of fundraising practices, which charities can use to help decide how to

weigh the concerns of each. This chart, which can be downloaded at www.actionplanning.co.uk/ethicalfundraising.html can be used to distinguish the real issues from the perceived difficulties.

And how do I justify the premise with which I started, that a form of fundraising should be innocent until proved guilty? Because of the ultimate moral dilemma:

"If the child above was yours, was starving, and you had no other option, what ethical codes would you not break to feed him?"

As fundraisers, we are in the unenviable position of having to make such moral decisions on behalf of our beneficiaries every day.

Take the next step with Action Planning

Whatever challenges and opportunities your organisation is facing, Action Planning can help with the next step of your journey.

As a leading UK consultancy to the not-for-profit sector, we have helped hundreds of organisations to raise capital and revenue funding, recruit key people and plan ahead. We work alongside our clients, helping each to make the journey in their own way, and at their own pace.

Our staff have senior-level voluntary sector experience in a range of disciplines and work as a team to deliver practical solutions to client needs.

We provide a combination of advice and 'hands on' implementation for capital appeals, revenue fundraising and bid-writing, research, strategic consultancy and recruitment for senior posts.

Action Planning operates internationally, both in Europe through our membership of EU Consult and in the United States, where we have an associated office in Boston.

We also work closely with ACEVO and key funders to organise the largest UK events for voluntary sector leaders.

Please fax this page to 020 8770 2090 if you would like to:

- ☐ develop a **major donor** fundraising programme.
- ☐ identify more potential major donors amongst your supporters and/or generate more names to approach through **wealth screening**. Please indicate below how many people you currently have on your database.

  ____

- ☐ plan and implement a **capital appeal**, whether through providing advice or by running the Appeal. Please write below how much you wish to raise and for what purpose.

  ____

- ☐ review or improve your **revenue fundraising** from institutional funders such as grant-making trusts (in the UK or USA), statutory funders, lottery distributors and companies and individuals. Our services range from strategic advice to research and **bid writing**.
- ☐ commission **market research** to help demonstrate the need for your work and evaluate different options for organising and delivering your services.
- ☐ benefit from **strategic consultancy**; uniting your trustees, staff, funders and beneficiaries around a common vision and an **implementation plan** for making it reality.
- ☐ **appoint** a Chief Executive, Fundraising Director or other senior executive.
- ☐ develop your approach to **impact evaluation** to help demonstrate your effectiveness to funders.
- ☐ review your **branding** and corporate identity.
- ☐ apply **full cost recovery** models when negotiating grants and contracts.
- ☐ review your **project management** processes.

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