

CAPITAL CAMPAIGNS

STRATEGIES THAT WORK | FOURTH EDITION



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DEDICATION

*I dedicate this book to the many people who have
the vision to imagine how to do more good in the world
and the courage and will to make it happen.*

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PREFACE: HOW TO USE THIS BOOK (AND WEBSITE)

Capital Campaigns: Strategies That Work, Fourth Edition is a two-part resource. This book is a great guide, but you'll also find all the exhibits in this book, as well as some additional resources and lots more information, at my website, www.capitalcampaignmasters.com.

There's even a section of my website set up specifically to accompany this book. You can find those pages at www.capitalcampaignmasters.com/strategies.

I've written this to be a practical and approachable resource for anyone considering a nonprofit capital campaign—and I definitely mean “anyone”:

- ✓ Development directors;
- ✓ Board chairs or other members;
- ✓ Nonprofit executive directors;
- ✓ Executive directors;
- ✓ First-time capital campaigners; or
- ✓ Experienced capital campaigners looking to add fresh life to the process.

No matter why you're contemplating or committing to a capital campaign—and no matter whether you're involved with a brand new startup nonprofit or an established, national organization—I've created this book to be your roadmap to success.

Through this book's 19 chapters, I'm going to tell you everything you need to know about the scary, exciting, daunting, frustrating, and even elating process of conducting a successful capital campaign.

So how can you use this book to achieve the best results for your organization?

1. Since I've created this book as a step-by-step guide, you may choose to start at the beginning and work chapter by chapter to plan, implement, and guide your capital campaign to success. I particularly recommend this approach to beginning campaigners! (And make sure that you refer back to the glossary if you run into terms that are new or unfamiliar to you.)
2. If you're already in the midst of a campaign—or you're an experienced campaigner looking for the latest in best practices—skip to the chapters you need most right now and go back as needed.
3. I've included graphs, charts, questionnaires, and other guides throughout that you can customize to fit your campaign's needs. But don't run to the copy machine—all of these materials (and more) are available online at www.capitalcampaignmasters.com/strategies.

4. At the end of most chapters, I've included some referrals for additional resources or places to look for more information. Use those resources for deeper dives into any of the topics covered in this book, and you can always visit my website at www.capitalcampaignmasters.com to learn about emerging trends or new resources in the field.
5. Although this book is written largely with U.S. nonprofits in mind, as that's my core area of experience, capital campaigns are increasingly a global phenomenon. Especially if you're outside of the United States, I suggest that you check with your local regulatory authority to learn how the IRS compliance guidelines here translate to satisfy the laws and regulations for your jurisdiction.

If you've heard that this type of campaign is a lot of work, you've heard correctly. *But* if your organization is solid, and if you follow the practices spelled out in this book, your chances of success are very high. The basic processes behind planning and organizing capital campaigns have been tested for decades and found effective; they're not based on magic but on human nature and the norms that influence how we behave in our culture.

If you follow the process, you'll be likely to reach and even exceed your goal—and come out the other end of your campaign with a stronger, more resilient organization for years to come.

ACKNOWLEDGMENTS

This book builds on the shared wisdom of the many friends and colleagues who helped shape the first three editions. Once again, for this fourth edition, I reached out to many people for their ideas about what's new and what else should be included in this fourth edition.

I thank all of the people who shared their thoughts with me. Among them are Brian Holmes and the staff of Xponential Consulting in Australia, Amy Eisenstein, Steven Meyers, Peter Heller, Jay Frost, Brian Saber, Liz Knuppel of Skystone Partners, Amy Sample Ward of NTEN, Tim Winkler of the Winkler Group, Paula Peter of the Solstice Group, Jeff Schreifels of the Veritus Group, and Megan Hodges of Harlem RBI.

This fourth edition also provided an opportunity to add new material about capital campaigns and boards of directors. Thanks to my friend and colleague Gail Perry, cofounder of Capital Campaign Masters. Gail shared her extensive understanding of nonprofit boards and helped create a brand new, important chapter on the subject.

Thanks to Dawn Wolf for helping me conquer my inertia and get started on this new edition.

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And finally, I thank my husband, Tyko, who makes sure I take time every Friday to go out and have fun!

ABOUT THE AUTHOR

Andrea Kihlstedt was an active capital campaign consultant for nearly 30 years. She worked with organizations small and large, local and national, ordinary and unconventional. She has served as a consultant, coach, and teacher to a wide array of nonprofit leaders and development directors.

Andrea is usually brimming with ideas and energy. Her penchant for collaboration combined with her decades of experience have led her to develop theoretical and practical frameworks that have shaped the field and practice of capital campaign fundraising.

She developed the concept of personal asking styles with Brian Saber. She co-created the capital campaign course at The Fundraising School. And with Gail Perry, she developed a system of pre-campaign coaching and online tools to help people get ready for capital campaigns.

She has written three other books on various aspects of fundraising.

- *Train Your Board (and Everyone Else) to Raise Money: A Cookbook of Easy-to-Use Fundraising Exercises* written with Andy Robinson (Emerson & Church, 2014)
- *Asking Styles: Harness Your Personal Fundraising Power* (Charity Channel Press, 2013)
- *How to Raise \$1 Million (or More) in Ten Bite Sized Steps* (Emerson & Church, 2010)

Andrea lives and works in New York City with her husband, Tyko. She exercises most every day. She goes to movies and concerts as often as she can. And she's usually engrossed in a good novel!

For more information about Andrea, see www.capitalcampaignmasters.com.

INTRODUCTION TO CAPITAL CAMPAIGNS

The phrase “capital campaign” can be confusing. At one time, “capital campaign” almost always referred to an effort to raise funds for capital improvements like purchasing or renovating a building. However, as the nonprofit sector and its needs and business models have evolved, use of the term has evolved as well. Capital campaigns aren’t just about buildings anymore.

Different Types of Capital Campaigns

My former colleague at the Lilly School of Philanthropy, Robert Pierpont, defines capital campaigns as:

*... an intensive fundraising effort designed to raise a **specified sum of money within a defined time period** to meet the varied **asset-building needs** of an organization.*

In other words, you can raise money through a capital campaign for many things that aren’t at all related to brick and mortar projects.

- **Brick and Mortar Campaigns:** This is just what the name implies—a campaign to purchase, add to, or substantially renovate a building to increase the nonprofit’s ability to serve its mission.
- **Special Project Campaigns:** Sometimes you don’t need a whole building, but you *do* need substantial funds for more limited projects like a piece of equipment, a bus, or renovations to part of an existing facility. You might think of the special project campaign as a sort of “mini” or “starter” capital campaign because although you will go through all of the same steps you would for a more extensive campaign, your special project effort won’t be as intense or take as much time.
- **Endowment Campaigns:** Endowment campaigns establish or substantially increase an endowment fund. These generally work best for well-established, proven organizations with a strong supporter base that has a long track record of supporting the organization. Endowment campaigns have the added advantage of giving donors a chance to make planned gifts (i.e., leaving a gift in their will) because the organization doesn’t need the funds right away.
- **Combined Campaigns:** Rather than launch one campaign just to buy a building and *another* one to fund an endowment (for example), it may be

strategic to combine both goals into a single campaign. After all, buying or substantially renovating a building is just the beginning—you also have to pay to keep the lights on and fund the new programs the building will host. The combined campaign also gives organizations an opportunity to solicit both immediate and deferred gifts simultaneously.

- **Comprehensive Campaigns:** This type of campaign raises money for a bit of everything—specific short-term projects, the endowment, *and* the annual fund, projected over several years. This type of campaign is often used by colleges, universities, and other large organizations to raise a *very* large sum of money and usually takes a substantial amount of time (5–10 years or more). Comprehensive campaigns are an opportunity to increase an organization’s stature by shining a spotlight on the institution as a whole rather than just one or another of its needs. (We’ll talk more about your capital campaign’s relationship to your annual fund in *Chapter 9: Foundational Elements of Your Campaign Plan*.)

Special Characteristics of Capital Campaigns

Now that we’ve established the types of efforts that may fall under the capital campaign umbrella (the “asset-building” needs they serve), let’s take a look at the other characteristics that set capital campaigns apart from a nonprofit’s regular fundraising.

Capital Campaigns Are Often the Result of a Strategic Plan for Growth

As organizations create their multiyear strategic plans, the ideas for expansion that take shape in those plans often provide the impetus for a capital campaign. The strategic plan determines where you and your board want to go, and the capital campaign is the “vehicle” that gets you there.

Of course, there are times when special circumstances motivate a campaign. Perhaps you have immediate and pressing needs like an unanticipated, rapid increase in the numbers of people who need your services or a storm has damaged your building. These kinds of pressing situations might lead your board to speed up your organization’s planning process and take advantage of the immediate need to develop a plan quickly, with minimum muss and fuss. While not ideal, if the plan is well conceived and your board supports it, you may not require a more comprehensive plan to launch a successful campaign.

Capital Campaign Goals Are Bigger—Much Bigger

Think about the amount of money you usually raise every year. Now, multiply that amount by 10 and you’ll have an initial idea of how much you might be able to raise during a capital campaign.

Capital Campaigns End

Capital campaigns are only occasional episodes in the life of an organization, and each one has a beginning, a middle, and an end. No matter how long it goes on, you'll know from the start that when you declare victory and celebrate success, you'll have the chance to take a bit of a break and savor your accomplishments. Knowing there's a light at the end of the campaign tunnel (so to speak) doesn't just provide everyone with the energy to keep going—your deadline can also be a huge inspiration!

Brick and mortar campaigns are still the most common types of campaigns, and so this book often refers to things specific to buildings. If your campaign is a different type, don't worry—the lessons contained here are still very applicable to your campaign. You just don't have to worry about the zoning board or an architect, or a few other details.

Regardless of what kind of campaign your capital campaign will be, you should plan for help right from the start. Make sure to read the additional resources at the end of each chapter for tools and other supports that you might need. Also, please visit my website, capitalcampaignmasters.com, before you leap into hiring consultants and asking for donations. With the right planning and structures in place, your campaign has a much higher chance of success. And with every campaign, that success transforms the organization for years—even decades—to come.

