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# Choosing the Right Fundraising Strategy

By STEPHANIE ROTH and KIM KLEIN

The steering committee of the Coalition to Save Our Jobs is having a meeting. A local corporation is threatening to move out of town, claiming in a high-profile ad campaign that the labor union's demands are forcing them to move out of the community. The Coalition is trying to keep the corporation, and its jobs, in town. The Coalition has tried to publicize their side of the story, but without much luck. They need more money, both to get more publicity and to hire more organizers.

Each member of the steering committee has an idea of what fundraising strategy will be best. Joe says that they should put all their efforts into a golf tournament. They will get sponsorships from local businesses, churches, and sympathetic politicians, which will bring a lot of publicity. A golf tournament can raise a lot of money, he says, and, more important, will show that the religious and small business community is behind the Coalition.

Anne thinks a direct mail campaign will reach more people with one message and carry much less risk than a golf tournament. Once people read the Coalition's viewpoint, she says, they will want to join and help.

Barry thinks that a few people should simply ask a few of the current donors to the Coalition who can give bigger gifts to do so, and that the Coalition should keep their publicity efforts separate from their fundraising.

Who is right? The firmest answer we can provide is, "It depends." It depends on what else the Coalition wants besides money for the time it will put into a fundraising strategy, how fast they need money, and how many people can help with the fundraising. Once the Coalition has answered these questions, it should then review the strategies that are available, discuss what each strategy can and can't do well, and choose the one that works best for their situation.

## MATCH THE STRATEGY TO YOUR GOALS

There are thousands of groups like this coalition. Some are large and well established, and some are brand new, fresh from the grassroots. Many, unfortunately, have this in common: They tend to choose fundraising strategies badly and then to be disappointed with the results.

Fundraising strategies vary in what they can accomplish. Every fundraising strategy is good for some things and bad for others. For your fundraising activities to have successful outcomes, you need to know which strategies to use in which circumstances.

The following is a brief description of the most common strategies and what they are best used for, beyond or in addition to raising money, along with what response you can expect from each. In every case, we assume the organization knows how to identify donor prospects appropriate to the strategy. (For more on identifying prospects, see "You Already Know All the People You Need to Know to Raise All the Money You Want to Raise," by Kim Klein.)

As you consider which fundraising strategies to use, keep in mind what your goal is in approaching your donors or prospects:

- Are you trying to bring in new donors (acquisition)?
- Do you want to keep current donors giving regularly (retention)?
- Is your goal to get current donors to give larger amounts of money (upgrading)?

A healthy fundraising program will use a range of different strategies over the course of a year to accomplish all three of these objectives.

We have divided the range of strategies into those that require some personal knowledge of the prospect and

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those that can be used with people not known to the organization. Keep in mind that the closer someone is to your organization, the greater likelihood of them giving repeated and larger gifts, so we recommend concentrating first on those strategies that capitalize on donors or prospects who have an existing relationship with your group or someone in it.

## STRATEGIES REQUIRING SOME PERSONAL KNOWLEDGE OF THE PROSPECT BY THE SOLICITOR

### Personal face-to-face solicitation

**What it is:** This strategy, often associated with raising money from major donors, involves meeting with a prospective donor by prearranged appointment and asking them for a contribution to your organization. A prospect is defined as someone who 1) has the ability to give a gift of the size you're asking for, 2) believes in the work you are doing, and 3) knows either the organization or the person who is asking them for money.

**Percent of response:** 50% of prospects will say yes. Of that group, however, half will give less than the amount you asked for.

**Best use:** To upgrade donors, to bring in large gifts from qualified prospects, and to raise large amounts of money quickly.

**Comments:** Many grassroots organizations feel intimidated by this strategy, claiming they don't know anyone with enough money to justify setting up a face-to-face meeting, their board members are hesitant to ask, and other stumbling blocks. The important thing to remember with personal solicitations is to start with people you know, at whatever level of giving is appropriate for them.

**Example:** In 1992, the Center for Anti-Violence Education in Brooklyn decided to raise money from major donors (defined as gifts of \$100 and up). Unable to reach their rather modest goal of \$5,000 that first year, they were discouraged. They felt they didn't know enough people to ask and that the board members and volunteers who had agreed to participate in the campaign did not follow through in a consistent way. Nevertheless, the staff decided to keep trying. They arranged for more training for the board in asking for money, recruited board members more experienced in solicitation, and continued to ask their most loyal donors (numbering fewer than 50) to give larger and larger gifts and to suggest names of other people who might be interested in their work. Seven years after embarking on their first major donor campaign, they had 250 donors giving \$100 or more, and were expecting

to raise \$45,000 from individual contributions.

### Personal phone call

**What it is:** "Personal" is what distinguishes this strategy from phone-a-thons and telemarketing. Someone who knows a prospective donor calls them. Because the caller knows the prospect, they are more likely to get through than someone making a cold call, and because this is someone they have reason to believe would be supportive of the cause, they are more likely to get a gift.

**Percent of response:** 15–20% of those called will make a gift.

**Best use:** To upgrade donors, particularly moving people at the \$50–\$250 level to a higher gift; to work with thoughtful donors who live at a distance from the group and cannot reasonably be visited; to raise large amounts of money quickly.

**Comments:** Many groups have complained to us that it is difficult to get donors to agree to a face-to-face meeting. People are busy and they don't want to spend the little free time they do have in meetings about their contributions. While sometimes it is the solicitor who is not comfortable asking for a meeting, it does seem that more and more money is being raised without face-to-face meetings. This makes the phone call even more crucial as a way to continue to have contact with donors. Some groups have begun using e-mail in place of or addition to the personal phone call.

### Personal Letter

**What it is:** While we usually recommend more personal contact with donors, either by phone or in a meeting following a personal letter, it is possible to generate large amounts of money from a well-written and personalized letter. It is the relationship between the person writing (or signing) the letter and the prospect that is key to the success of this strategy.

**Percent of response:** 10–20%.

**Best use:** A low-key way for board members, staff, or volunteers to ask friends and colleagues for gifts; useful for getting donors known to someone in the organization to renew their gift; occasionally useful for upgrading donors.

**Example:** The National Center for Youth Law in San Francisco increases its giving from individual donors every year through personalized letters. In 1992, they raised only \$2,000 from individuals. Six years later, they raised \$200,000, with one gift of \$75,000 leading the way. One clue to this success is that the executive director attaches a personal note to every solicitation that goes to a donor who has given before — currently 500 donors — as well as to other people, not yet donors, whom he knows

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personally. The real key is the fact that this director is on a first-name basis with at least half of his organization's donors. Though he spends little time in direct fundraising with these donors, he is in contact with them throughout the year on the work of the organization. His note on their annual appeal is a reminder of this personal relationship, and they respond.

## STRATEGIES NOT REQUIRING PERSONAL KNOWLEDGE OF THE PROSPECT

### Door-to-Door Canvass

**What it is:** Volunteers or paid canvassers go door-to-door in designated neighborhoods, asking people to become members of an organization or simply to give a contribution. The solicitors don't usually know the people whose doors they are knocking on, which makes the rate of response relatively low. However, because a certain percentage of people will answer the door, the solicitors have an opportunity to engage people face-to-face in a way that is not possible with writing or phoning the same group of people.

**Percent of response:** 15%.

**Best use:** In combination with an organizing drive, so that people are asked to sign a petition or express an opinion as well as give money. Although you may get more gifts than from a phone-a-thon, the gifts received are often very small and usually not repeated.

### Phone-a-thon

**What it is:** A group of people are recruited (or hired) to come together over several evenings to work through a list of prospective donors. The prospects are people who have not given before, but can be expected to be interested in the work your organization does. (These names are often gotten by exchanging mailing lists with groups doing similar, though not directly competing, work as yours, or by renting lists of people who, because of their affiliations or other giving history, would be expected to be interested in your work.) Usually an office with a large number of phones donates their space for these evenings, so that anywhere from 8 to 20 people can be calling at one time. The point of the calling is to reach people (not answering machines) who are willing to speak to you for a few minutes so that you can elicit their interest in your cause and ask them to make a pledge.

**Percent of response:** 5%.

**Best use:** Reaching large numbers of people with a message they can respond to immediately; good training in how to ask for money more personally; can raise a large number of small and medium-sized gifts quickly. Works

best when the organization is set up to take gifts made with credit cards.

### Direct Mail

**What it is:** This is an acquisition mailing, whose purpose is to get new people to become donors to your organization. People are targeted who have not given before but, as with the phone-a-thon, can be expected to be interested in the work your organization does. A standard letter is sent to a list of 200 or more people by bulk mail (200 is the minimum number of pieces you can send to qualify for bulk discount from the postal service), and the mailing includes a reply form and a return envelope.

**Percent of response:** 1–2%.

**Best use:** Acquisition of donors. Because direct mail often costs more or as much as it brings in, it is used as a way to reach hundreds or thousands of people with a consistent message and to convert some of those people into donors.

**Comments:** Because of the expense and risk of direct mail, we recommend that it be used after you have asked everyone you possibly can through the more personal strategies. When you have asked staff members, board members, volunteers, members, and current donors for names of people they think may be interested in giving, and have asked all of them for money, you may indeed run out of prospects. Direct mail is a way to reach people you have no other way to contact.

### Special Event

**What it is:** A special event gathers a group of people to do something fun, entertaining, and/or educational, with the goal of building and strengthening your donor base. This is probably the best known, and most poorly used, of all grassroots fundraising strategies. Special events are an important strategy for meeting goals other than fundraising, including gaining publicity for your organization, getting people together to build a sense of community in the organization, introducing new people to your work, and raising money from sources you might not otherwise have access to.

**Percent of response:** Varies by event.

**Best Use:** To generate publicity and visibility for your organization. In addition, depending on the event, it can be used for acquisition, retention, or upgrading of donors. (See "The Correct Use of Special Events," by Kim Klein.)

**Comments:** The most successful events actually combine the strategies described above. Personal solicitation and personal phone calls are made to current and new donors and to local businesses to ask them to help sponsor the event with a donation. An invitation is mailed and

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follow-up calls are made to get the highest turnout possible. Because of the huge amount of time needed to produce an event and the risks involved of committing resources before money is raised, special events can be a risky strategy to choose, especially for organizations with small numbers of staff or volunteers.

One kind of special event that requires a lot less time and people-power than, say, a large concert or dance, is the tried-and-true house party. At a house party, the host invites friends, neighbors, and colleagues to their home to learn about the organization, have something to eat and drink, and be asked to make a contribution. There is generally no obligation to give, but people know in advance that they will be asked for money.

**Example:** Asian Immigrant Women's Advocates often asks its supporters to host house parties as a way to expand their donor base beyond their membership of low-income immigrant workers. One year, 35 people attending a house party in Berkeley in honor of the host's birthday contributed \$1,200 in donations to AIWA in lieu of birthday gifts. The host sent all the invitations, provided all the food, and wrote all the thank-you notes for the donations. The staff of AIWA merely had to show up and give a short talk about their work. Three years later, one-third of those donors were still giving to AIWA in

response to annual mail appeals. In this case, the house party was used as a way to acquire donors, who were then retained through a personalized mail appeal each year.

## **MAKING THE IMPERSONAL MORE PERSONAL**

All of the impersonal strategies yield a greater response and larger gifts when they are used with people who have given to your organization before. Rates of response vary, but generally a phone-a-thon to people who are current givers will yield upwards of 15% response, direct mail to current donors will yield 10% response on any one mailing, and about 66% of your donors who give one year will give the next year.

The important thing to remember is this: No fundraising strategy will work if used exclusively. In planning for fundraising over the course of a year, all strategies should be considered and used appropriately. The purpose of acquiring donors is to be able to ask them again and get them to give year after year, and the purpose of doing that is both to have a large number of loyal donors and to identify a group of those loyal donors who will eventually be asked for very large gifts in person.

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