

Examining the Development Program

This template was developed to assist a non-profit organization to both measure and enhance increasing the effectiveness of the organization's fundraising activities.

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Introduction

Most development professionals operate on the fast track: rush to meet fundraising deadlines, react to last minute crises, organize the details of direct-mail efforts, and support governing board members and volunteers. By the time you are ready to assess the year's fundraising success, another new fiscal year has begun!

Given the vital role that the development function serves in your organization, it is important to step back occasionally and be certain that your department is as effective as it can be. Periodic assessments of your development functions will assist you to respond to such key questions as:

- *Are our annual and long-term fundraising goals the result of systematic and comprehensive planning?*
- *Do we know – and agree on! – the most compelling reasons for charitable support of our organization?*
- *Are the responsibilities of our governing board and other key volunteer groups well defined and understood?*
- *Are we effectively acquiring, maintaining, and using information on potential donors?*
- *Is the generosity of donors to our organization recognized adequately and appropriately?*
- *Do our administrative systems and procedures support and enhance our fundraising efforts?*
- *Do we have any “gaps” or duplications in professional staff positions that affect our fundraising effectiveness?*
- *Is our overall fundraising cost-effective?*

The objective of this assessment is to lead your organization in a process of self-examination. To that end, the assessment highlights the key issues and questions that need to be addressed in order to ensure an effective and successful fundraising operation.

Financial Planning

1. What is our current annual operating budget? \$ _____
2. What is the pattern of growth in our annual operating budget over the last five fiscal years?

Current fiscal year: \$ _____
Last fiscal year: \$ _____
Two years ago: \$ _____
Three years ago: \$ _____
Four years ago: \$ _____

3. What percentage of our annual operating budget do fundraising revenues, as opposed to other revenue sources, represent?

\$ _____ / _____%

4. What percentage of our annual operating budget do fundraising costs, including prorated salary costs for non-development personnel, represent?

\$ _____ / _____%

5. What percentage of fundraising revenues do fundraising costs represent?

_____%

Supplemental Materials

1. Most recent income/expense statement and balance sheet.
2. Operating budget for the current fiscal year.
3. Long-term planning documents or information.
4. Copy of current evidence of tax-exempt status.

Fundraising Overview

1. What terms do we use for various levels of gifts to our organization?

Term Used	Dollar Gift Level
<i>Example: Founders</i>	<i>\$25,000 and above annually</i>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. What is the largest gift that our organization has received in the past five years?

\$ _____

What was the designated purpose for this gift, and how was the gift acquired?

3. How does our organization identify potential donors for cultivation and solicitation?

4. What are the approximate dollar amounts and percentages of our organization's current fundraising costs expended on the following solicitation methods?

Personal Solicitation:	\$ _____	/	_____	%
Direct Mail Solicitation:	\$ _____	/	_____	%
Telephone/Telemarketing:	\$ _____	/	_____	%
Special Events:	\$ _____	/	_____	%
Foundation Grantsmanship:	\$ _____	/	_____	%
Other :	\$ _____	/	_____	%
TOTAL	\$ _____	/	100%	

5. Indicate the approximate annual timing of personal solicitation, direct mail appeals, special events, and telephone solicitation/telemarketing:

Fundraising Calendar	Personal Solicitation	Direct Mail Appeals	Special Events	Telephone Solicitation
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
Ongoing				

6. How many direct mail pieces are mailed annually? _____

7. What is the purpose or activity supported by each of our special events, if any?

	Special Event	Purpose/Activity Supported
<i>Example:</i>	<i>"Run for the Roses" Marathon</i>	<i>Proceeds fund children's programming.</i>

8. Which foundations/corporations have been most generous contributors to our organization over the past five years, and how much has each donated?

- a. _____ \$ _____
- b. _____ \$ _____
- c. _____ \$ _____
- d. _____ \$ _____
- e. _____ \$ _____

9. Describe the donor recognition and perquisites offered to donors at various gift levels, as well as the approximate cost of providing that recognition:

<u>Gift Level</u>	<u>Recognition/Perquisite</u>	<u>Cost</u>
• <i>Example: \$5,000 and above</i>	<i>Special reception before Director's Ball</i>	<i>\$50/person</i>
	<i>Brass paperweight with our logo inscribed</i>	<i>\$30</i>
	<i>Exclusive invitation to annual Director's Luncheon</i>	<i>\$60/person</i>
•		
•		
•		
•		

Supplemental Materials

1. Examples of current solicitation materials including direct mail pieces, telephone follow-up materials, personal solicitation materials, and related donor recognition.
2. Recent foundation/corporate grant proposal that reflects our current grantsmanship approach.
3. Information and materials that describe our current donor recognition policies and procedures.

Major Funding Needs

1. What are our current annual, capital and endowment priority funding needs, and what are the component costs of these needs?

2. What assumptions were used to establish the cost estimates for the funding needs noted above (e.g., comparable construction/square foot costs, architect estimates, program experiences, salary comparison)?

3. Have we conducted a fundraising campaign of \$1 million or more in the last five years?

yes no

If so, what were the results of the campaign?

- Met our goal within or earlier than the time period projected
- Met our goal, but it took much longer than expected
- Did not meet our original goal, but met a modified goal
- Did not meet our goal
- Halted the campaign before we met our goal
- Other: _____

4. Supplemental Materials

- Descriptive information and materials on current major funding needs, including cost estimates.
- Past campaign summary report(s), as available.

“Case” Statement

1. What are the most compelling reasons for potential donors to support our organization?

- a. _____
- b. _____
- c. _____
- d. _____

Supplemental Materials

1. Information and materials that have been used to express our most compelling needs and distinctive merit for private contribution and grant support (e.g., annual reports, campaign brochures, direct mail materials).

Volunteer Leadership

1. How many members currently serve on our governing board? _____
2. How many board members are authorized by our by-laws? _____
3. How frequently does the full governing board meet? _____
4. What is the term of office for board members? _____
5. How are board members nominated and elected?

6. Indicate the current standing committees of the board, including a brief description of their respective responsibilities and the frequency of each committee's meetings:

<u>Committee</u>	<u>Responsibilities</u>	<u>Meeting Frequency</u>
<i>Example: Finance</i>	<i>Approve annual budget prepared by staff; review monthly financial statements.</i>	<i>Monthly</i>
a.		
b.		
c.		
d.		
e.		
f.		
g.		
h.		
i.		
j.		

7. Have written job descriptions been prepared for board members and officers?

yes no

8. What is the board's current method for evaluating board member performance?

9. Is there a written policy with respect to the board's involvement in fundraising, including board members' personal contributions?

yes no

If not, is there a policy that is communicated verbally to all board members?

yes no

10. What other formal or informal volunteer groups are involved in fundraising on behalf of our organization (e.g., Advisory Board, Auxiliary)?

Supplemental Materials

1. Roster of current governing board members, including business titles/professional associations.
2. Roster of members of other formal or informal volunteer groups.
3. Description of the roles and responsibilities of the governing board and other volunteer groups.
4. Governing board and standing committee organizational chart with descriptions of functional relationships.
5. Copy of the current by-laws and Articles of Incorporation, as appropriate and available.

Potential Donors

1. How many potential donors have we identified with the judged financial capacity to make a gift at the following gift levels?

\$1 million and above: _____
\$250,000 to \$999,999: _____
\$100,000 to \$249,999: _____
\$50,000 to \$99,999: _____
\$10,000 to \$49,999: _____
\$5,000 to \$9,999: _____
\$2,500 to \$4,999: _____
\$1,000 to \$2,499: _____
\$500 to \$999: _____
\$250 to \$499: _____
under \$250: _____

2. Which of the following types of background information is currently available on most of the identified potential major donors?

- Name/home address/telephone numbers
- Business title/address/telephone numbers
- Employer's matching program
- Pertinent information on spouse
- Prior gift and solicitation history
- Prior relationship/involvement with our organization
- Best person to contact or solicit
- Financial capacity to give and possible "target" gift
- Special interests in our organization
- Special event attendance
- Direct mail and/or telephone solicitation response
- Other: _____

3. What special activities/events do we currently use to identify and/or to cultivate the interest and involvement of potential donors?

4. Supplemental Materials

- o Sample listing or roster of potential donors that illustrates the information maintained on potential donors.

Professional Staff

1. Are there written job descriptions for all positions in our organization?

yes no

2. Which staff members are involved in fundraising activities, and how?

<u>Staff Member</u>	<u>Percentage of Time</u>	<u>Nature and Extent of Involvement</u>
<i>Example: Executive Director</i>	<i>35%</i>	<i>Involved in all aspects of annual fundraising planning by staff; accompanies board members and volunteers, as appropriate, on personal solicitation appointments.</i>
a.		
b.		
c.		
d.		
e.		
f.		
g.		
h.		

3. Is the performance of staff members evaluated regularly?

yes no

If so, how, when, and by whom?

4. What is the relationship between staff members and volunteers?

5. How is fundraising progress communicated to the governing board by staff?

Supplemental Materials

1. Staff organizational chart or other materials that show reporting and functional relationships.
2. Job descriptions for those staff members involved in fundraising.

Administrative Systems and Procedures

1. How many “addressable” files are there in our database (with a complete and accurate name and address)? How many total files? _____ / _____

2. What computer software is currently used to maintain fundraising related information?

3. Does that software adequately meet our current fundraising needs?

yes no

4. Describe your organization’s procedures for:

a. Receiving and recording gifts:

b. Adding names to the database:

c. Recording pertinent donor/potential donor information:

d. Correcting address/contact information:

e. Eliminating duplicates in the database:

5. How are gifts to our organization acknowledged?

6. Supplemental Materials

- Any policy descriptions or other information that describes our administrative systems and procedures.

Assessment Overview

As you review your responses to the questions and materials you've assembled, many strengths and weaknesses will become apparent.

As you review each key area, you may wish to consider the following points.

✓ **Financial Planning**

- yes no Has there been a dramatic increase or decrease in a revenue source over the past five years?

If so, you may want to incorporate that information in your ongoing financial planning. For example, you may need to adjust fundraising goals for the future if you received a one-time windfall gift. Similarly, you may need to adjust both funding needs and fundraising goals from other sources if a single source of funding has ended.

- yes no Are fundraising costs between 5% and 20% of fundraising revenues?

If not, you may not be operating as efficiently as possible. You may want to examine both your fundraising expenses as well as your sources of fundraising revenues (e.g., special events are generally less cost-effective than personal solicitation) to improve your organization's fundraising cost-effectiveness.

✓ **Fundraising Overview**

- yes no Do two or more major annual fundraising activities occur at roughly the same time each year?

If so, you probably already notice a strain on staff resources and volunteer energies. You may also be jeopardizing maximum gift potential from potential donors torn between multiple fundraising efforts. Consider rescheduling activities to take best advantage of staff time, volunteer commitments, and gift potential.

- yes no Do the costs of donor recognition and/or donor perquisites seem to claim too great a percentage of your fundraising revenues?

If so, you might wish to identify less expensive but equally meaningful ways to recognize donors. Donor recognition and perquisites are a means to thank donors publicly and prominently for their support of your organization – and often prepare the way for the next gift. Consequently, a certain level of expenditure can be justified. However, excessively expensive recognition undermines the goal of your donors' support: to fund the important programs and services that your organization provides to the community.

✓ **Major Funding Needs**

- yes no Are the cost estimates for your organization's identified major funding needs based on thorough and applicable research?

If not, the dollar goal identified may be unrealistic. Consider conducting research into the cost of similar construction, renovation or programming. Board members in related professional fields are often an excellent resource for this information.

✓ **Case Statement**

- yes no Was it easy to identify the most compelling reasons for support of your organization, or were you unsure about the most important reasons? Did key people agree on the most compelling reasons for support?

If it was difficult to identify reasons for donors to support your organization, or if there was significant disagreement among key board members and professional staff, you may wish to consider addressing this issue in more detail. A strong case for support is an essential element in encouraging contributions to your organization. If there is lack of clarity in this area, invest the necessary time and effort to develop a consistent and compelling case statement. (If you're interested in learning more about case statements, you may benefit from the Focus on Fundraising Tutorial, "Writing a Compelling Case Statement.")

✓ **Volunteer Leadership**

- yes no Do board members understand their role and responsibilities?

If not, consider developing and distributing written policies that include the term of office for board members, meeting frequency, standing committee responsibilities, nomination procedures, fundraising policies, and other

expectations of board members. The Focus on Fundraising Tutorial “Planning Board Retreats” includes more information on how to strengthen and inform your Board.

✓ **Potential Donors**

- yes no Does your organization currently maintain the information on potential donors noted in the “Potential Donors” section above?

If not, you may want to consider logging this data as it is identified. Maintaining more complete profiles on potential donors will aid you to target fundraising and solicitation efforts and to maximize gift support.

✓ **Professional Staff**

- yes no Are there significant duplications in responsibilities among members of your organization’s professional staff?

If so, you may want to revise job responsibilities and/or reporting relationships to eliminate duplicate responsibilities. Similarly, an area of fundraising activity that receives too little staff attention is also a signal that reallocation of responsibilities may be appropriate.

✓ **Administrative Systems and Procedures**

- yes no Are the current procedures for handling gifts to your organization – from receipt of the gift to the final gift reporting – clearly articulated and appropriate?

If not, you should consider delineating a step-by-step procedure for the receipt, recording, deposit, acknowledgment, and reporting of gifts to your organization. Developing and communicating such a procedure in writing will ensure that gifts don’t “slip between the cracks.”

A Closing Word...

An assessment of the Development Office is not a scientific exercise, but rather a comprehensive process that should reflect your organization's unique circumstances.

Identifying and addressing perceived weaknesses in each key development area is important. But the most important aspect of this process is the time and attention devoted to improving the fundraising effectiveness. By making periodic review a priority, a significant step can be taken in increasing the organization's fundraising effectiveness.