

Chapter

# 02 | CONCEPT

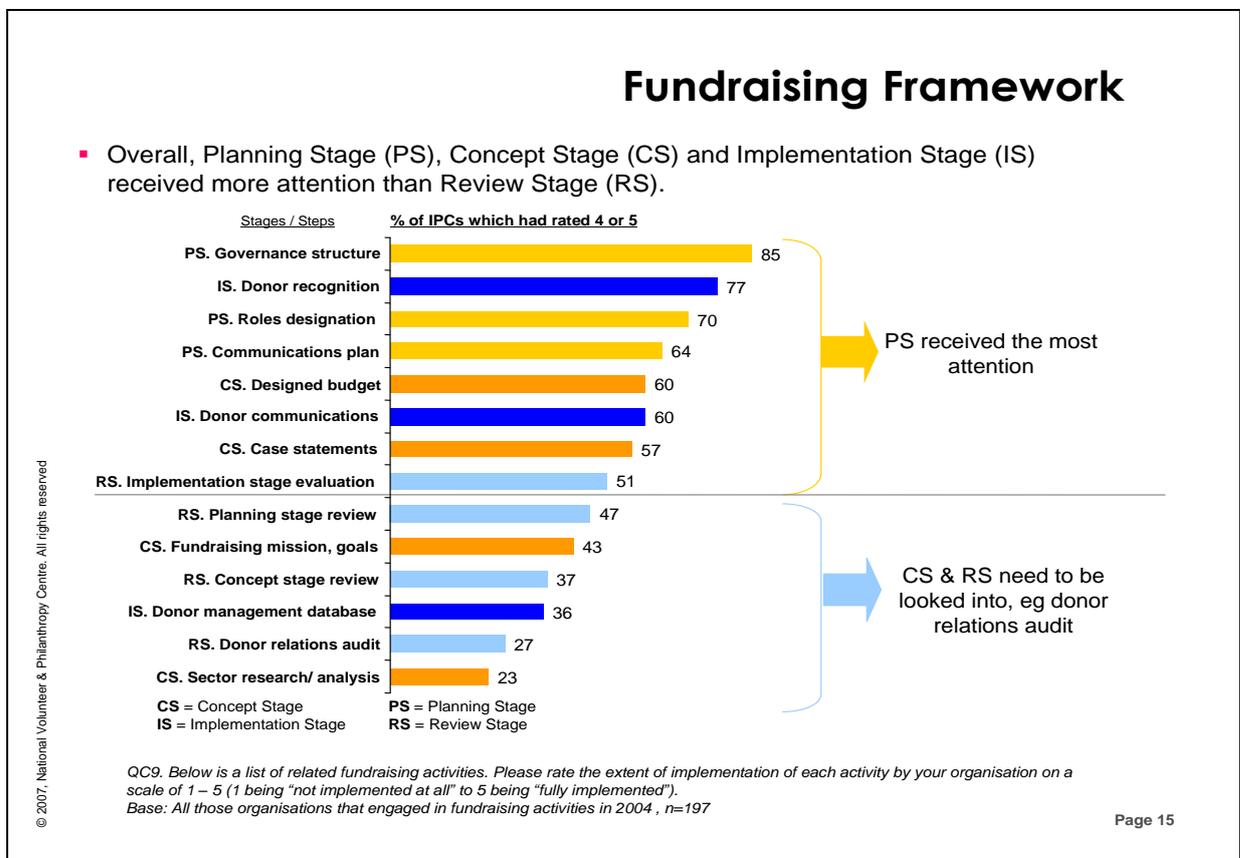
## 1. Overview

The concept stage deals with getting to know the environment the NPO works in (sector research and analysis) and understanding the NPO's own purpose (vision, mission and goals)<sup>1</sup>. Based on this groundwork, develop the "call to action" to effectively communicate with donors (developing the case statement). Also important is recognising the resources needed to implement the plans (budgeting).

## 2. Key actions

### a. Sector research and analysis

In 2006, NVPC undertook a survey<sup>2</sup> of IPCs in Singapore. One of the findings (below) shows that sector research and analysis received the least attention.



<sup>1</sup> It is a general principle in the Code of Governance for Charities & Institutions of a Public Character that a charity's vision and mission should be clearly articulated.

<sup>2</sup> National Volunteer & Philanthropy Centre. (2007). Institutions of a Public Character (IPCs).

Retrieved 19 Mar 2008, from

[http://www.nvpc.org.sg/Library/Documents/ResearchReports/projIPCpublic%20\(FINAL\).ppt#1753,1,Istitutions of a Public Character \(IPCs\)](http://www.nvpc.org.sg/Library/Documents/ResearchReports/projIPCpublic%20(FINAL).ppt#1753,1,Istitutions%20of%20a%20Public%20Character%20(IPCs))

Sector research and analysis help the NPO to:

- ◆ Define a donor management vision that it can achieve
- ◆ Answer questions that can drive the concept development process
- ◆ Understand issues that stakeholders and donors believe are important
- ◆ Address current and future fundraising situations

◆ **What to look for in sector research and analysis**

**① External factors**

- ◆ How much is raised, by whom and for what causes?
- ◆ Who is giving, how much and for what causes?
- ◆ Preferred methods of fundraising
- ◆ Preferred channels of giving by donors
- ◆ Organisational structure of similar organisations for fundraising and donor management staff and volunteers
- ◆ Pay scales of fundraising and related staff
- ◆ Fundraising and donor management challenges faced by others in the sector
- ◆ Best practices in donor reporting and recognition
- ◆ Like-minded organisations to forge collaboration and strategic alliances
- ◆ Legal requirements for various types of fundraising

**② Internal factors**

- ◆ How well-understood is the NPO's purpose for existence?
- ◆ Do the fundraising messages and materials clearly communicate the need in terms of impact to the community rather than just the NPO's institutional needs?
- ◆ What is the funding level needed to sustain the annual operations and growth of the NPO?
- ◆ Who are the donors in the past 3 years who have supported the NPO?

- ◆ How diversified is the NPO's fundraising portfolio in terms of corporate support, grants from foundations and other grantmakers, funding from civic and religious institutions, individual donors, government funding as well as any earned income that the NPO may have?
- ◆ What is the frequency, recency, and amount given by donors from each category stated above
- ◆ Other than cash donations, how effectively does the NPO leverage the gifts of voice, time, influence and goods that supporters are willing to provide?
- ◆ How does the NPO care for the 20% of its donors, who possibly account for 80% of its fundraising income?

### **b. Formulate fundraising vision, mission and goals**

When a volunteer laying bricks at a Habitat for Humanity build-site was asked what she was doing, she replied, "I am building a world without slums". Every NPO should aim for this level of shared motivation. It is this shared hope and an image of the future that is pulled together by the NPO's *vision* statement.

The *mission* gives the reason for the NPO's existence. It specifies the purpose of the NPO, what it does and who it serves.

*Goals* help the NPO to measure its success in serving its mission and thereby achieving its vision. Goals are concrete steps to take towards meeting the long-term mission of the NPO.

#### **☑ Checklist in drawing up an effective vision statement**

- ◆ Does your vision statement inspire performance?
- ◆ Will it move people to join your efforts and work alongside your organisation as volunteer, staff, donor or supporter?
- ◆ Is the statement short and impactful?
- ◆ Does it focus on important issues that can be addressed realistically?

#### **☑ Measure your mission statement against this checklist**

- ◆ Does it say what your organisation is about?
- ◆ Is it full of jargon?

- ◆ Does it provide a clear explanation of your organisation reason for existing?
- ◆ Is it too broad that it lacks focus or too focused that it cannot accommodate change?
- ◆ Does it compel anyone to rally for the cause that you serve?

Are your *goals SMART*<sup>3</sup>?

- ◆ **S**pecific: clear and unambiguous
- ◆ **M**easurable: to measure progress and results
- ◆ **A**ttainable: realistic and attainable, i.e. neither out of reach nor below standard performance
- ◆ **R**elevant: in line with mission and vision
- ◆ **T**ime-bound: with “milestones” and deadlines

### c. **Develop case statements**

Tell the story right. When developing the case for support, write it from the donor's point of view, i.e. what's in it for the donor, not the organisation's need.

A case for support provides the donor with:

- ◆ Information on the need in the community that must be met and how he can be involved in the process
- ◆ How your organisation can effectively and efficiently meet that need if the donor were to support
- ◆ What support is required to ensure that the need can be met by your organisation
- ◆ The impact that donor support will make in meeting the need

#### ☞ **Some information needed for developing an effective case for support**

- ◆ Why does your organisation exist?
- ◆ What needs in the community are you meeting?
- ◆ What are your organisation plans and goals?
- ◆ Who do you help?

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<sup>3</sup> Adapted from Dummies.com. Setting Smart Management Goals (undated). Retrieved 6 Jul 2007, from <http://www.dummies.com/WileyCDA/DummiesArticle/id-785.html>

- ◆ What services do you provide?
- ◆ What is it that you are raising funds for?
- ◆ Why does your organisation deserve to be supported?

The case development process begins with the board and management team articulating clearly what it is about your organisation that will motivate the donor. Let's imagine you are a for-profit company selling household appliances. Would your sales pitch say *"we have severe cash flow problem, please buy our rice cookers so that we can keep our shop open"*?

Yet, we often come across fundraising appeals that continue to state their needs from an internal perspective: *"XYZ charity needs funds. Please help."* To the donor, what matters most is how the XYZ charity helps people; how it meets a need in the community, and whether or not that need motivates the person to take action.

A clear case for support will help you answer the question *"what would motivate the donor to respond to your appeal over all others"*.

#### **d. Design budget**

Examine your organisation's human resources (volunteer and staff) by asking:

##### **① Board**

- ◆ How many board members participate in fundraising?
- ◆ How well do the board members understand their role with regard to fundraising?
- ◆ Do board members give or get funds for the organisation?

##### **② Staff**

- ◆ What fundraising personnel are in place?
- ◆ What is the job description of each fundraising staff?
- ◆ What is their experience?
- ◆ What strengths do they bring to their position?

##### **③ Volunteers**

- ◆ Are volunteers involved in fundraising?
- ◆ Is the volunteer pool growing?

- ◆ Are past volunteers still supporting?
- ◆ Are the volunteers motivated and enthusiastic?

Next examine the infrastructure, e.g. equipment and systems available for your fundraising.

- ◆ Is the donor database, however basic it may be, well-maintained? Is timely and accurate information available?
- ◆ Is the donor information that is available sufficient for determining fundraising potential and developing realistic budgets?

These questions provide the groundwork for developing your fundraising budget. In-depth analysis and evaluation is time consuming. However, it provides valuable baseline information for developing plans.

Having done the analysis, remember Pareto's principle<sup>4</sup> when formulating your plans. Focus on your organisation's strengths and fundraising strategies that your organisation excels in. Build on it and add new strategies as resources allow.

#### ☛ **Steps in developing the fundraising budget**

- ◆ Make preliminary recommendations of fundraising objectives, targets and activities.
- ◆ Evaluate ongoing fundraising activities.
- ◆ Estimate fundraising expenses using previous year's figures as indication, for current fundraising activities and programmes.
- ◆ List and evaluate possible new fundraising programmes or activities.
- ◆ Estimate the cost of any new activity or programme.
- ◆ Examine current revenue sources and project fundraising targets for each current and new fundraising activity or programme.
- ◆ Reconcile the projected fundraising income and projected fundraising expenses.
- ◆ Adjust the fundraising goals and activities accordingly.

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<sup>4</sup> The principle states that 20% of all efforts produce 80% of all results.

- ◆ Get Board approval – not just as a formality but more importantly to get the Board committed and involved in the fundraising plans and targets, and work with management when there are significant deviations from the approved fundraising targets.
- ◆ Monitor the budget on a regular basis with periodic financial statements that show the actual fundraising income against the projections.

The table below is a guide on average cost per dollar raised<sup>5</sup>.

<b>Fundraising activity</b>	<b>Cost to raise a dollar (US\$)</b>
Capital campaign/major gifts	\$ 0.05 to \$ 0.10 per dollar raised
Corporations and foundations (grant writing)	\$ 0.20 per dollar raised
Planned giving	\$ 0.25 per dollar raised
Benefit / special events	50% of gross proceeds
Direct mail acquisition	\$ 1.00 to \$ 1.25 per dollar raised
Direct mail renewal	\$ 0.20 per dollar raised

<sup>5</sup> Adapted from Greenfield in SupportingAdvancement.com. What is the average cost per dollar raised? Retrieved 11 Mar 2008, from [http://www.supportingadvancement.com/faq/cost\\_per\\_dollar\\_raised.htm](http://www.supportingadvancement.com/faq/cost_per_dollar_raised.htm). These costs may or may not be applicable in Singapore's context. In Singapore, there is a "30/70" fundraising rule (Charities (Fundraising Appeals) Regulations 2007).