

# Endowment Campaigns for the Small and Inexperienced Nonprofit

## *Planned Giving Today*

Vol. 29, No 3 (March 2018), pp. 1, 3-4

Dr. Carol A. Kolmerten  
Dr. Bruce E. Bigelow

Let's put up a thermometer!

On our first day with a new client, in our recent past, we found that one board member believed that an endowment campaign was all about thermometers. Another added “and we have to begin immediately.” Yet another: “I volunteer to talk with my neighbors; I know I bought Girl Scout Cookies from one neighbor so she owes me.” We looked at each other with raised eyebrows. We had our work cut out for us.

After about the fifth time we heard about the miracle of the thermometer, we said to each other: we need to back up and explain basic building blocks for campaigns in general and for endowment campaigns, in particular. We realized that a number of small charities, which have never raised money for endowment (many of whom had never had a campaign for anything but a necessary capital project, if that) needed a clear primer so that both staff and board members could understand what makes an endowment campaign successful.

We thus offer the following 10 steps to share with all thermometer-lovers out there:

1. Start with the absolute basics. We in planned giving understand about “silent” phases, about “qualifying donors,” about charts of standards, about “lead” donors, about creative ways of giving—especially for an endowment campaign. We all need to be speaking the same language to one another and to our donors.

One of the first steps we recommend for a non-profit unused to endowment campaigns is a careful explanation of the terminology and an explanation about how campaigns work. A timeline and a set of critical tasks can provide a framework for any campaign but especially for a campaign for endowment. And once an eager but inexperienced staff and an enthusiastic but equally inexperienced board sees the signposts in a timeline, everyone will be far more willing to follow the timeline than they would be if all they heard was “Trust us. This will take some time.”

2. Do a quick audit to see what back office practices are thriving and which are lacking. We are struck by how often organizations have not thought through how they will track gifts to the campaign, how they will acknowledge and recognize gifts, and even how they will invest and monitor their endowment funds. Does the organization have software in place that allows staff members to find those 15-year regular donors? Are staff members

familiar with contact reports . . . and does everyone faithfully put her or his notes into the system?

3. Make sure that all the necessary policies are in place and are up to date. Some organizations, especially small ones, often lack endowment policies and gift acceptance policies, as well as counting policies. A clear set of endowment policies, covering investment guidelines, reasonable draw, unitizing the funds within the endowment, and monitoring the performance of investment managers is another key to a successful endowment campaign.

Clear and updated gift acceptance policies are also vital for a successful campaign—especially one that features non-cash assets, as an endowment campaign often does. One of our clients, when we first began our work together, called what they had on their books as their “Gift unacceptance policies” because they basically said “if it’s not cash or marketable securities, we don’t want it.” Not a good foundation for an endowment campaign.

Organizations also need to follow the rules: their acknowledgements of gifts need to carry the requisite IRS language; their gift annuity programs need to conform to the requisite state laws, and their endowment policies need to adhere to UPMIFA regulations.

As a by-product of these policy development activities, we suggest meeting with the board or the development committee on the board as a way of introducing the new ways of giving that the policies delineate. Boards hate to be “trained,” but many boards relish the opportunity to develop, understand, and approve new policies.

4. Begin work on the donor list. Almost every non-profit has at least some donors who are interested in endowments. Donor lists can include regular small annual donors who give because they believe in the mission of the organization . . . or a sponsors of special events—golf tournaments or silent auctions . . . or buyers of items at the auction at a significant level or donors of items to the auction that hold more than nominal value.

But somewhere in each organization’s donor lists lie buried prospective donors to an endowment campaign. Many organizations have donor lists that are unvetted and some have donors who have never been approached seriously for a planned gift. As we know, a list of rich people in the area will yield few results without some kind of previous connection. Sorting an organization’s donor list and creating steps for the “top” potential donors (based on the quality and character of their connection to the non-profit and their capacity to make a gift) provides a framework for staff activity and a set of initial conversations about the campaign. And those initial conversations will convey valuable information about the potential of an endowment effort.

5. Create appropriate-to-the-institution ways of giving non-cash gifts. Begin with stock transfer guidelines—do they accept stock? If not, they need guidelines for doing so; if they do, make sure guidelines are clearly written and posted on the website.

Eighty to ninety percent of the wealth in the United States is held in assets other than cash: real estate, public and private securities, retirement plans, insurance, and other such assets. Drawing attention to the ways donors can make gifts easily and quickly, using non-cash assets, can provide a solid foundation for giving in an endowment campaign.

6. Begin work with the board, focusing at first on a small number of board members—those who are willing to put in the effort to understand that raising endowment money is not at all comparable to selling Girl Scout cookies. Enlist their help in qualifying donors. Explain campaign timetables to them. Explain that announcing a campaign comes after the majority of the funding is promised. Explain how a chart of standards works—and how many donors they will need. And then ask them if they will take the lead, especially in giving through some of the key non-cash gift options.
7. Work with staff to create a short draft of the case: Why is increasing the endowment so important? What will the organization be able to do that it does not do now? Gather that small group of board members to work with staff to form and refine the vision. Without a vision, all the strategic planning in the world will not raise the money, will not persuade donors that their gifts will be well used.
8. Use the small board group to enlist the entire board in understanding the importance of the endowment campaign. Nothing moves board members better than other board members. And having a set of board leaders who have personally embraced both the philosophy and the reality of planned giving and the value of building the endowment is the best sales pitch to other board members.

Often the key message to members of the governing board is to ask each board member to commit to a conversation with the head of development, the CEO, or a knowledgeable consultant about the range of planned gift options that might best fit that member's circumstances.

9. Show everyone how easy it is to participate in the campaign in a major way by using contracts: Retirement Plans, Insurance Policies, PODs. Especially for small non-profits that are inexperienced with campaigns, making a planned gift “easy” is of prime importance. Those of us with expertise in planned giving know that planned gifts *can* be complicated and that sometimes those complications can lead to a major donor commitment. But we also know that complications can often delay or even undermine a gift before it ever gets made.

And we in the field do know that all planned gifts are not complicated. The lessons from the field also tell us that most of our donors do not know that they can make a non-profit a beneficiary of a retirement plan or a life insurance policy or a POD at no cost. Most do not know that such gifts can be done on-line in five minutes or less. . . and with no visits to the family lawyer. Marketing information about gifts through contracts is one of the key elements of a strong endowment campaign.

10. Plan the celebratory announcement of the campaign when at least 70% of the funding has been committed. . . . and yes, without a thermometer (unless an organization wants one for the final \$100,000 of a \$10M campaign). Campaigns are, by definition, among the world's most loosely guarded secrets. But that is why they are successful. An endowment campaign, like any campaign, needs to succeed and once the organization has well over half the money, then public success is much more assured. By taking the time and cultivating the patience to engage lead donors, board members, and potential planned gift contributors to give generously, you have the structure for a successful endowment campaign. And *that* is well worth celebrating.