

Creating a Strategic Development Plan

Workshop objectives

- Why do you need a Strategic Development Plan?
 - Foundational Concepts
- Components of a plan
- Practical applications / next steps

What is a Strategic Development Plan?

IT'S JUST LIKE A STRATEGIC PLAN,
ONLY FOR THE OTHER MISSION!

**Where are you in your
fundraising model today?**

**Where are you going?
(or where do you *want* to go?)**

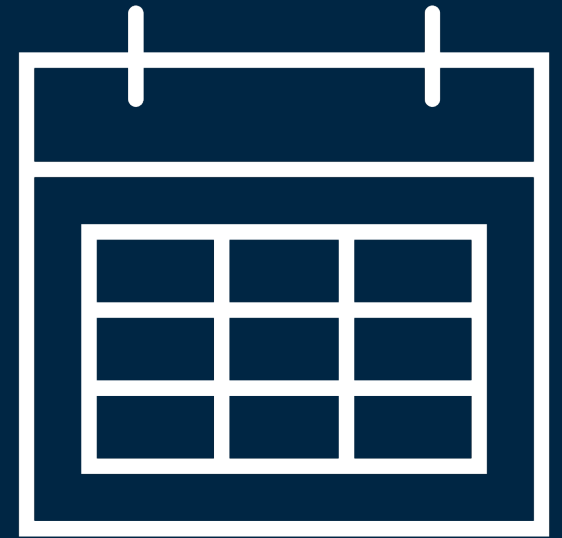
Why a Strategic Development Plan?

- To understand the most likely path to success
- To measure progress throughout the year
- To mitigate risks (*i.e.*, special events!)
- To create stability during leadership turnover
- To engage your staff leadership and Board
- Because HOPE is not a strategy

What a Strategic Development Plan addresses

Annual Funding

- Tied to operations – recurring needs
- Vital to the organization's annual success
- Measurable and impactful outcomes
- *Primary driver of success is building and maintaining relationships*



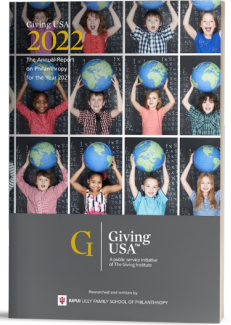
Who is your customer?

Most nonprofits have two sets of customers

1. Those we serve through the mission
2. Those who fund and support the mission

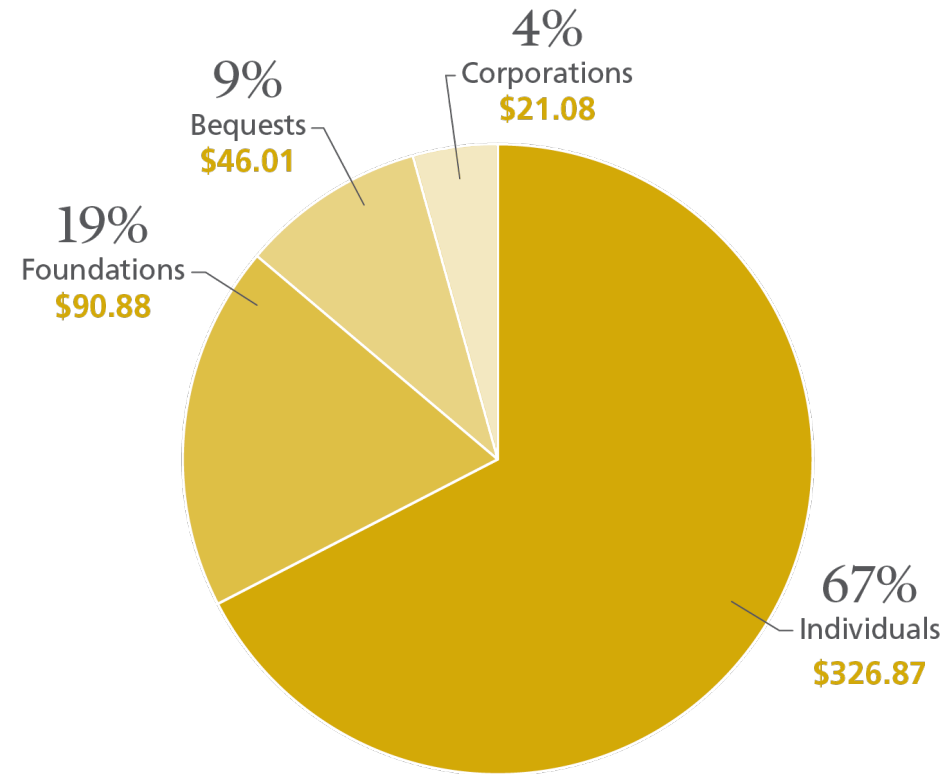
Nonprofit leadership must acknowledge and embrace a mission to serve the second set of customers – donors – who make our primary mission possible!

**What are the
primary sources
of philanthropy?**



2021 contributions: \$484.85 billion by source of contributions

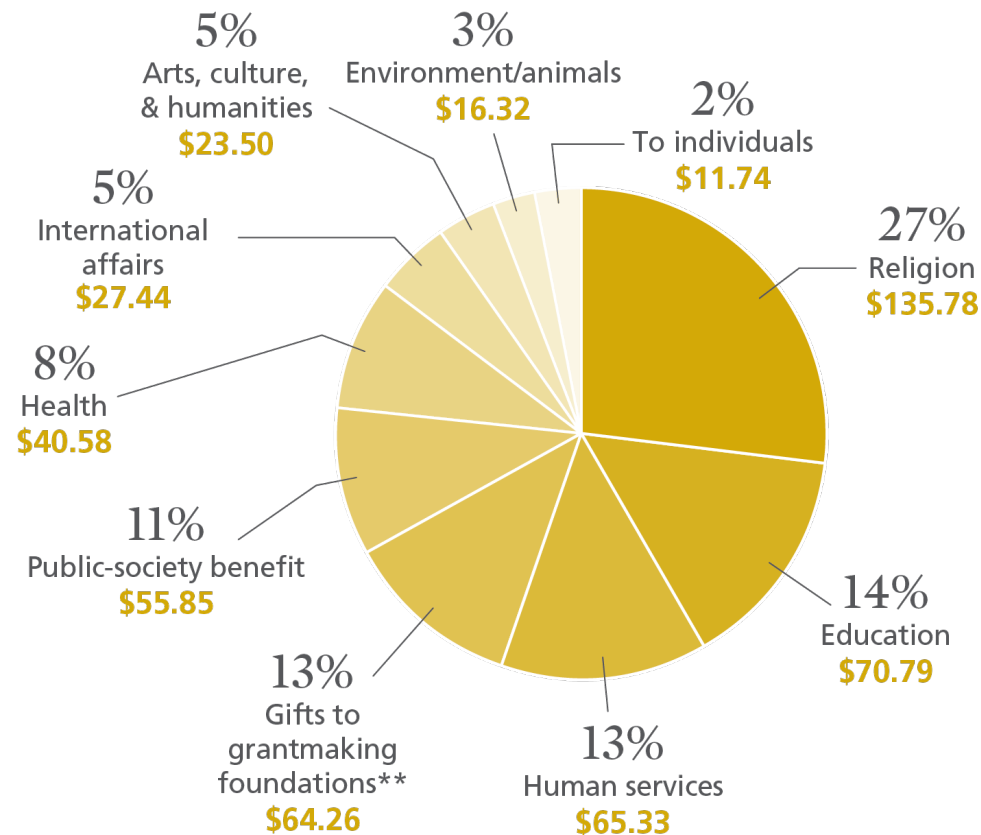
(in billions for dollars – all figures are rounded)





2021 contributions: \$484.85 billion by type of recipient organization*

(in billions for dollars – all figures are rounded)



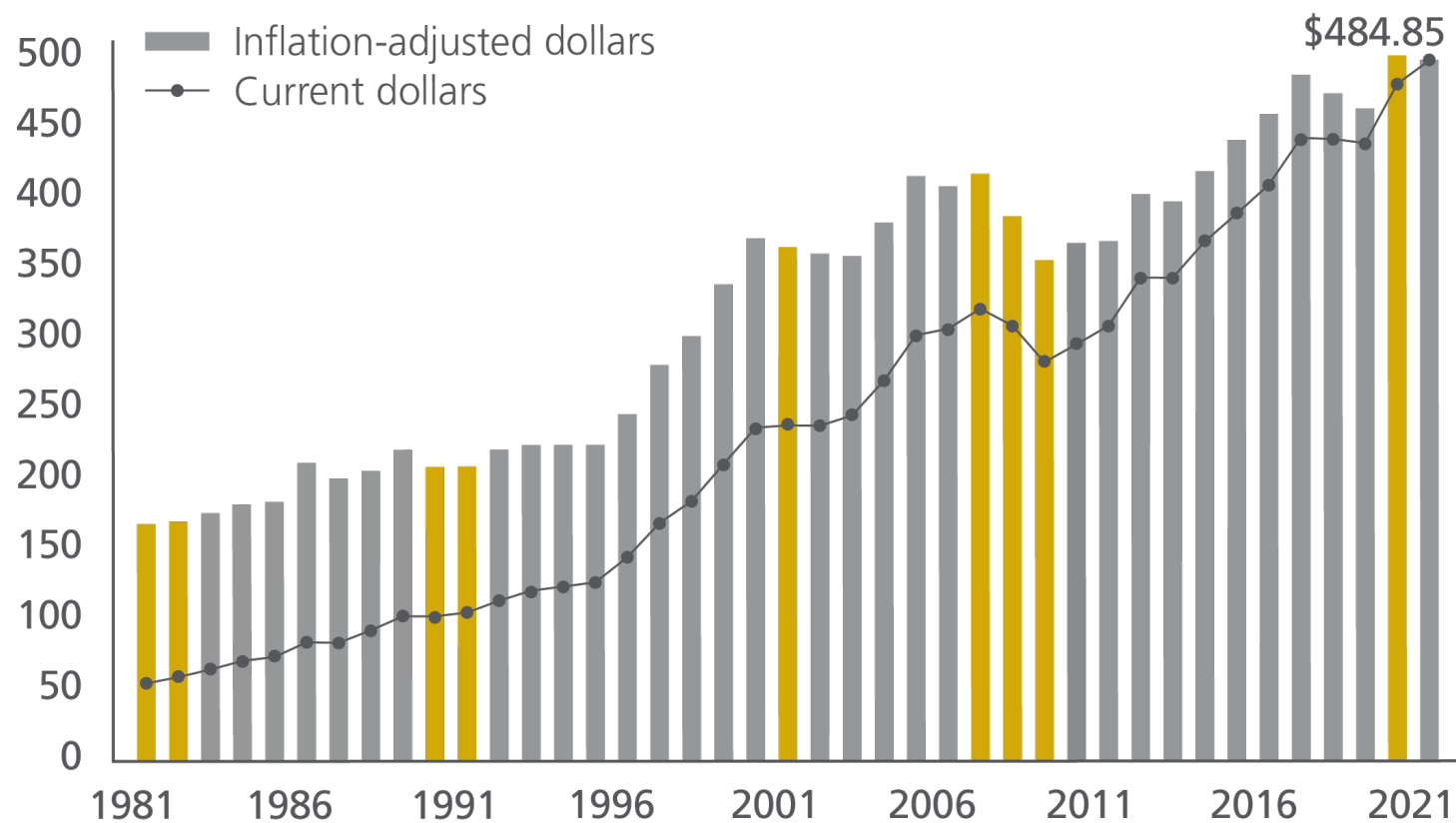
* Total includes unallocated giving, which totaled -\$26.75 billion in 2021.

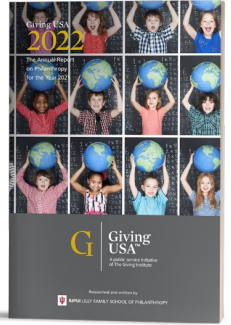
** Estimates developed by the Indiana University Lilly Family School of Philanthropy using data provided by Candid.



Total giving, 1981-2021

(in billions of dollars)

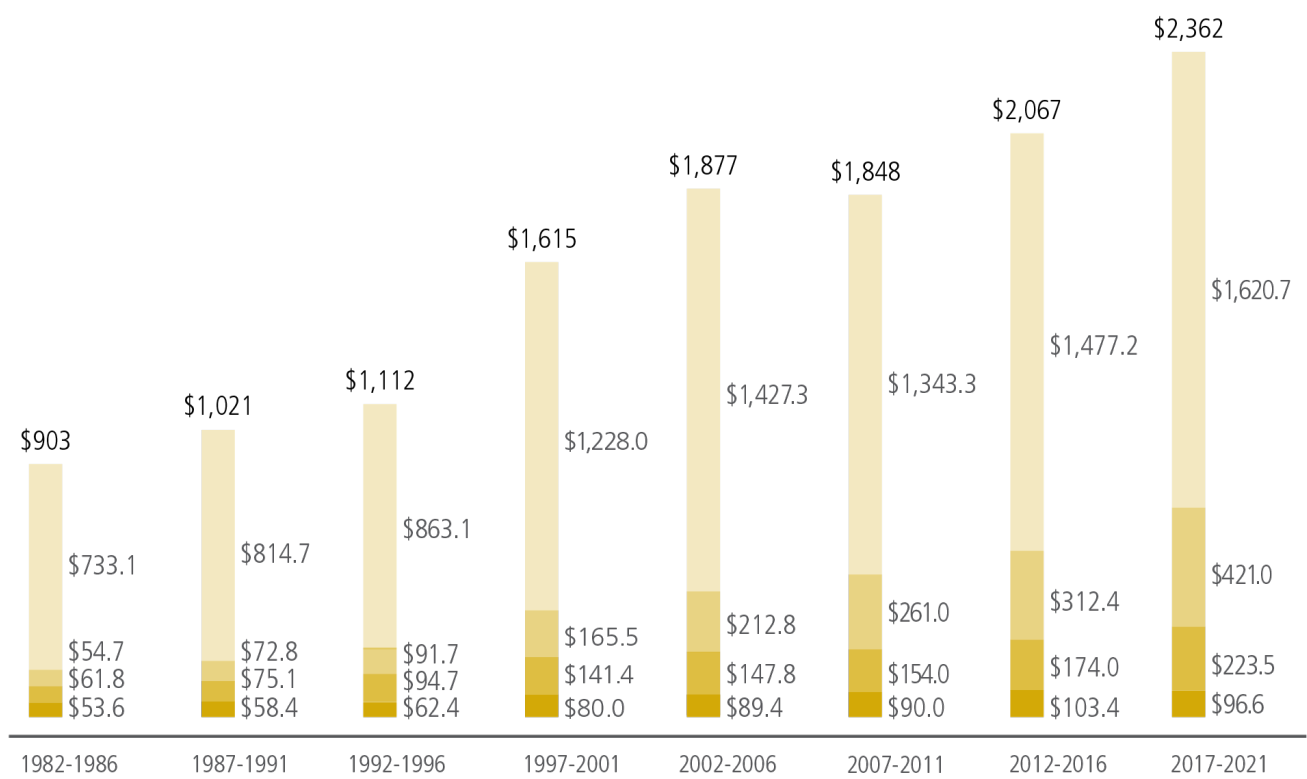




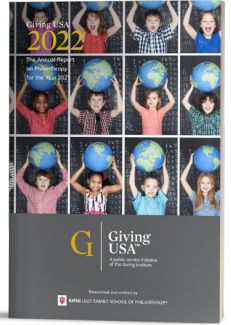
Total giving by source in five-year spans, 1982-2021

(in billions of inflation-adjusted dollars, 2021 = \$100)

- Individuals
- Foundations
- Bequests
- Corporations



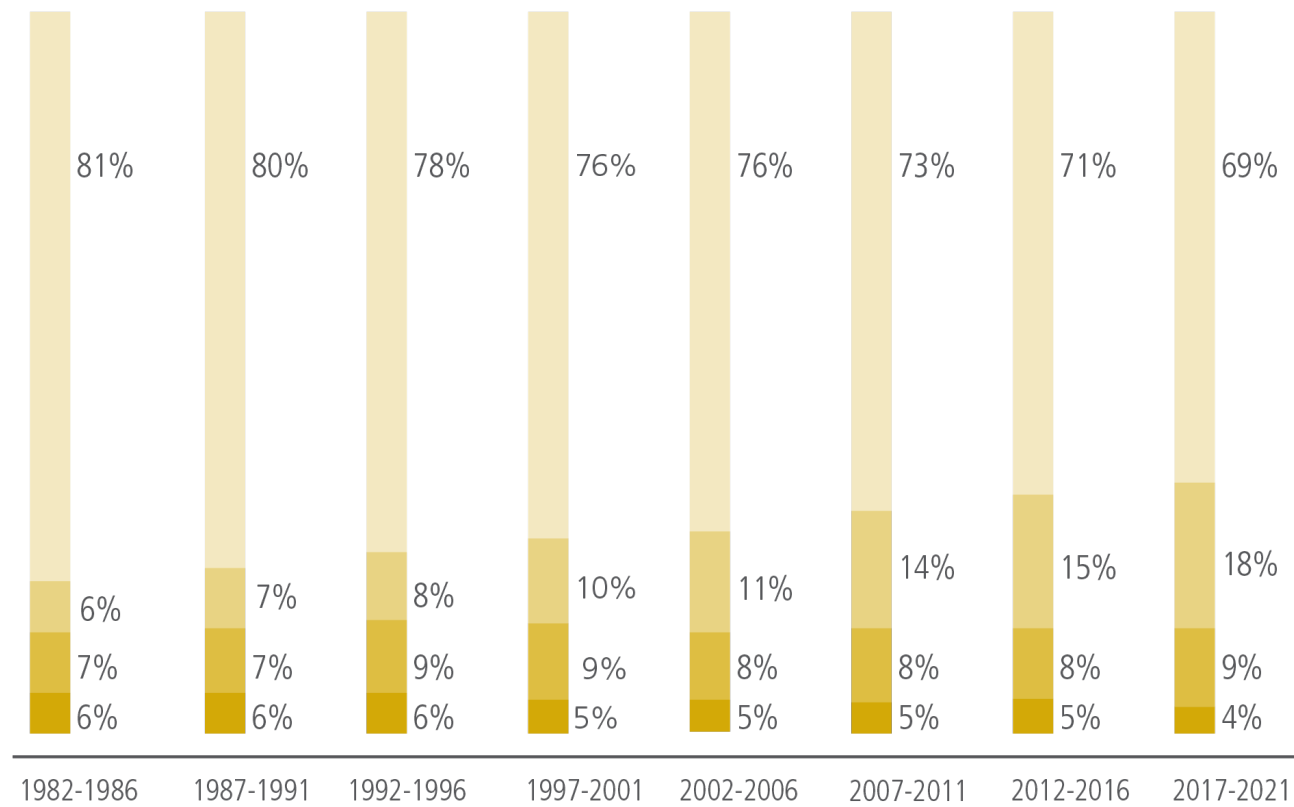
Giving USA uses the CPI to adjust for inflation.



Giving by source: Percentage of the total in five-year spans, 1982-2021

(in inflation-adjusted dollars, 2021 = \$100)

- Individuals
- Foundations
- Bequests
- Corporations



**How does your
donor base
compare?**

Foundational concepts

- The Board and staff must embrace the “second mission”
- Planning and reporting must be done on a donor-centric basis
- Tracking and monitoring should focus on three simple metrics



Move to a donor-centric model

- Focus on giving from an individual donor as the primary source of funding
- Stop looking at events and activities as sources of funding!
- Segment top donors into manageable groups
- Never lose sight of the individual donor and your ability to impact his/her giving

Financial metrics you can influence

- **Retention** – How many donors and how much of what they gave last year can you retain this year?
- **Growth in Current Donors** – In how many donors and by how much can you grow giving?
- **New Donors** – How many new donors and giving can you add?

*The outcome of your work next year is
the net result of these three metrics!*

Elements of a successful fundraising plan



Case

The story
you tell



Leadership

Who tells
the story



Prospects

To whom
you tell
the story



Plan

How & when
you tell
the story

Leaders who must be involved

- Executive Director/CEO
Must own it (and execute!)
- Staff
Must execute it
- Board Development Committee
Must champion it
- Entire Board
Must own it and participate



Components of a Plan



Key components

- Development Mission
- Big Goals: Financial (raise \$X million annually by [year]) and Non-Financial
- Segmentation
- Financial Build-Up
- Roles and Responsibilities (staff and Board roles)
- Development Calendar

Define the second mission

EXAMPLE:

Connecting the hearts of our donors to the heart of our mission



Big goals

- Financial
 - Where do you need to be in 3-5 years?
 - How much annual growth is reasonable?
 - Why does the mission require it?
- Non-financial: What needs to improve?

Examples

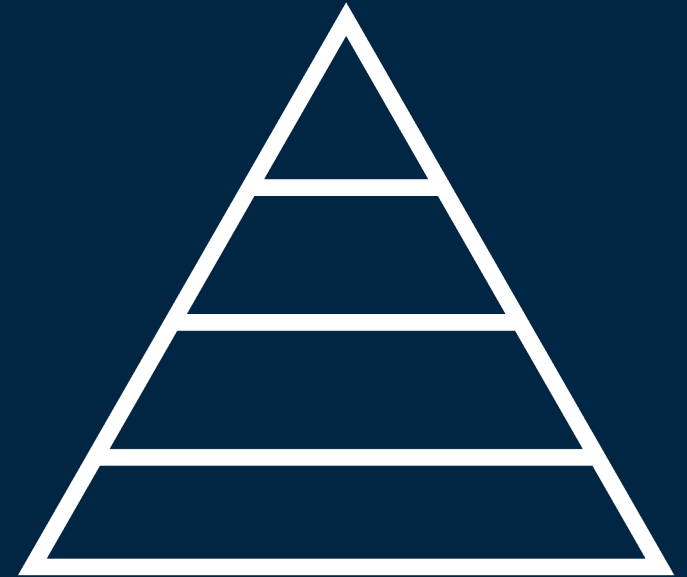
- Clarify the Identity of the XX Foundation (*case for support*)
- Build development infrastructure, encompassing fundraising and communications/marketing functions (*hiring*)
- Grow sustainable financial support to \$1 million annually by FY20XX-20XX
- Create a culture of philanthropy throughout the organization (*board and staff objectives*)

Segmentation of your donor base

**Start with Top 100 sources:
Individuals and corporations**

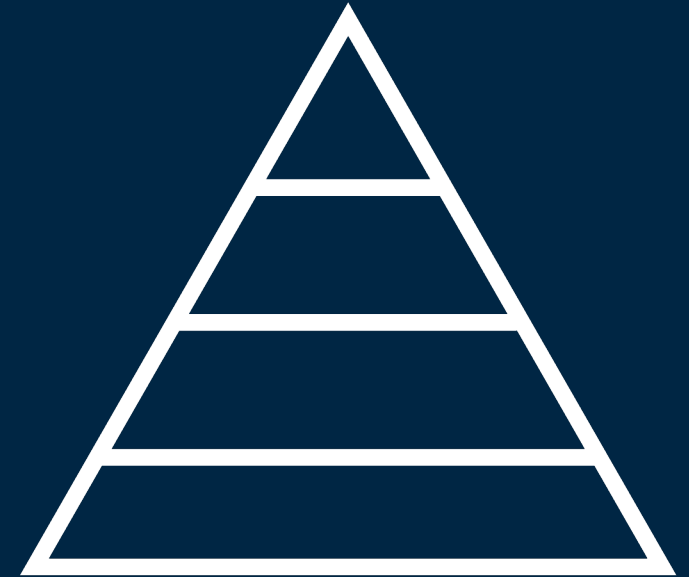
***Regardless of where the dollars
fall in the budget***

- Top 10
- Next 20
- Next 70



Segmentation of your donor base

- Next 200 sources (individual/corporate)
- Grants/foundations
- Other segment examples
 - Gifts-in-kind
 - Seasonal campaigns
 - Giving days
 - Event activities (auctions, etc.)



Segmentation

- For each segment, determine % of annual *fundraising* budget (the budget that development controls)
- For each source, determine:
 - Can the gift be retained?
 - Can the gift grow?
- Develops starting point for next year

Segmentation how-to

Build a financial model

- Build a financial model for each grouping (10, 20, 70)
- For each box, there should be:
 - At least one name
 - Giving last year
 - The prospect's interests
 - Time of year gift is typically made

Top 10 Goal = \$225,000



Broad-stroke financials

- Segmented revenue
 - Major gifts (Top 100)
 - Mid-level gifts (Next 200)
 - Foundations
 - Special events/other
- Growth over last year
- Trend line for past five years

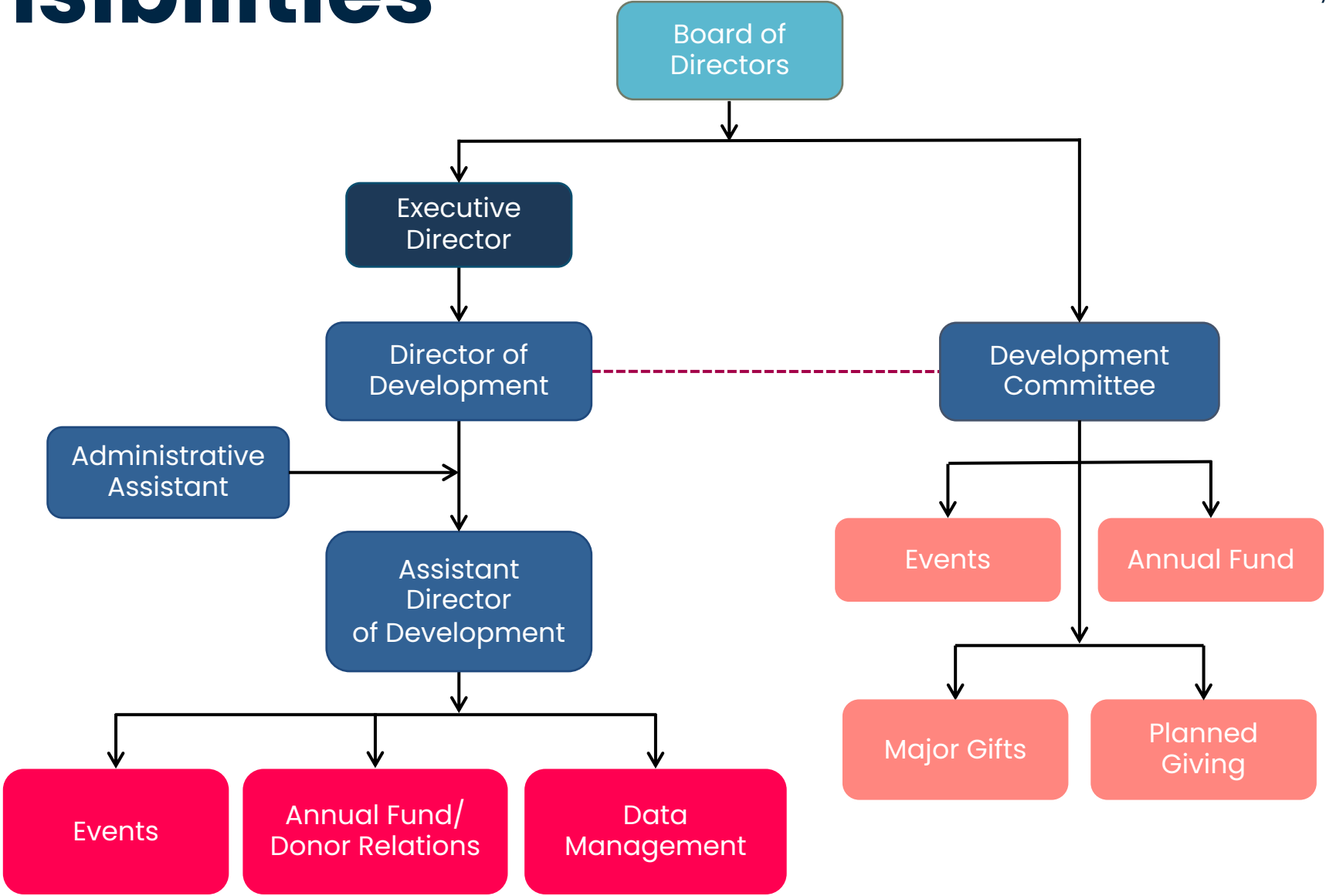


Project financial outcomes based on the 3 simple metrics

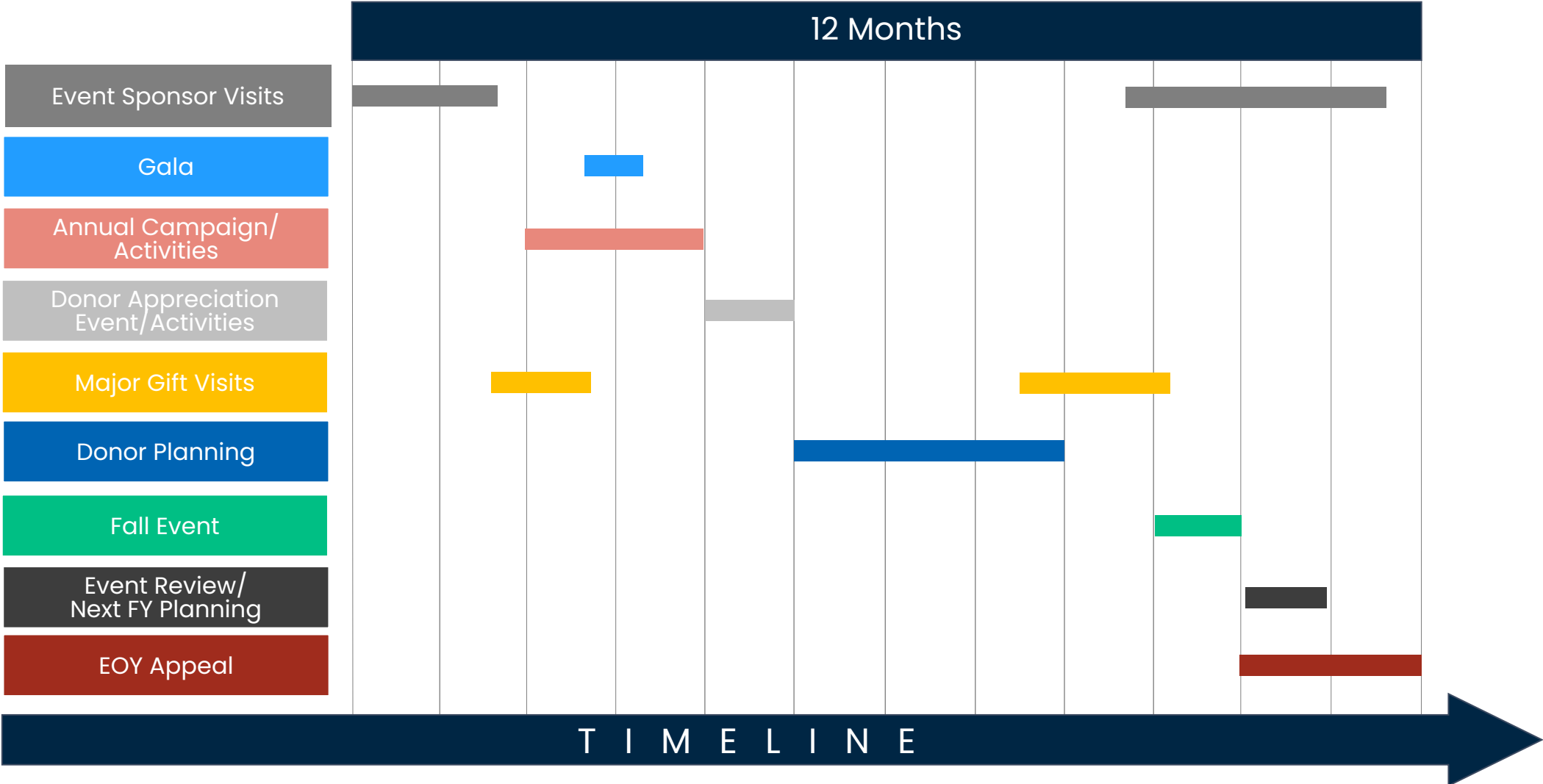


	Last Year		Retention		Growth		New Donors		Total This Year	
	#	\$	#	\$	#	\$	#	\$	#	\$
Top 10	10	\$195,000	10	\$195,000	6	\$30,000	0	\$0	10	\$225,000
Next 20	20	\$157,500	18	\$143,500	12	\$32,500	2	\$7,000	20	\$183,000
Third 70	70	\$83,000	63	\$75,000	30	\$18,000	7	\$7,000	70	\$100,000
Next 200	200	\$125,000	175	\$87,500	50	\$25,000	25	\$12,500	200	\$125,000
Auction		\$50,000		\$50,000						\$50,000
Total	300	\$610,500	266	\$551,000	98	\$105,500	34	\$26,500	300	\$683,000

Defined roles and responsibilities



Development calendar



Building the calendar

**Other components
to consider**

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Other components to consider

- Executive Summary
- Case for Support
- Extraordinary resources necessary for success
- SWOT analysis
- Metrics

Executive summary

- Overview of last year
- Opportunities this year
- Reference each component
- Introduce theme



Case for support

- What we do
- Who we serve
- Why it matters
- Why should donors care?



Extraordinary resources necessary for success

- New staff position(s)
- Board development committee
- Database investment
- Event budget increases
- Board and CEO time

SWOT analysis

- Strengths, weaknesses, opportunities, and threats
- Engage development staff and committee in process
- Be candid and real with the analysis
- Consider the impact to each activity

Critical metrics

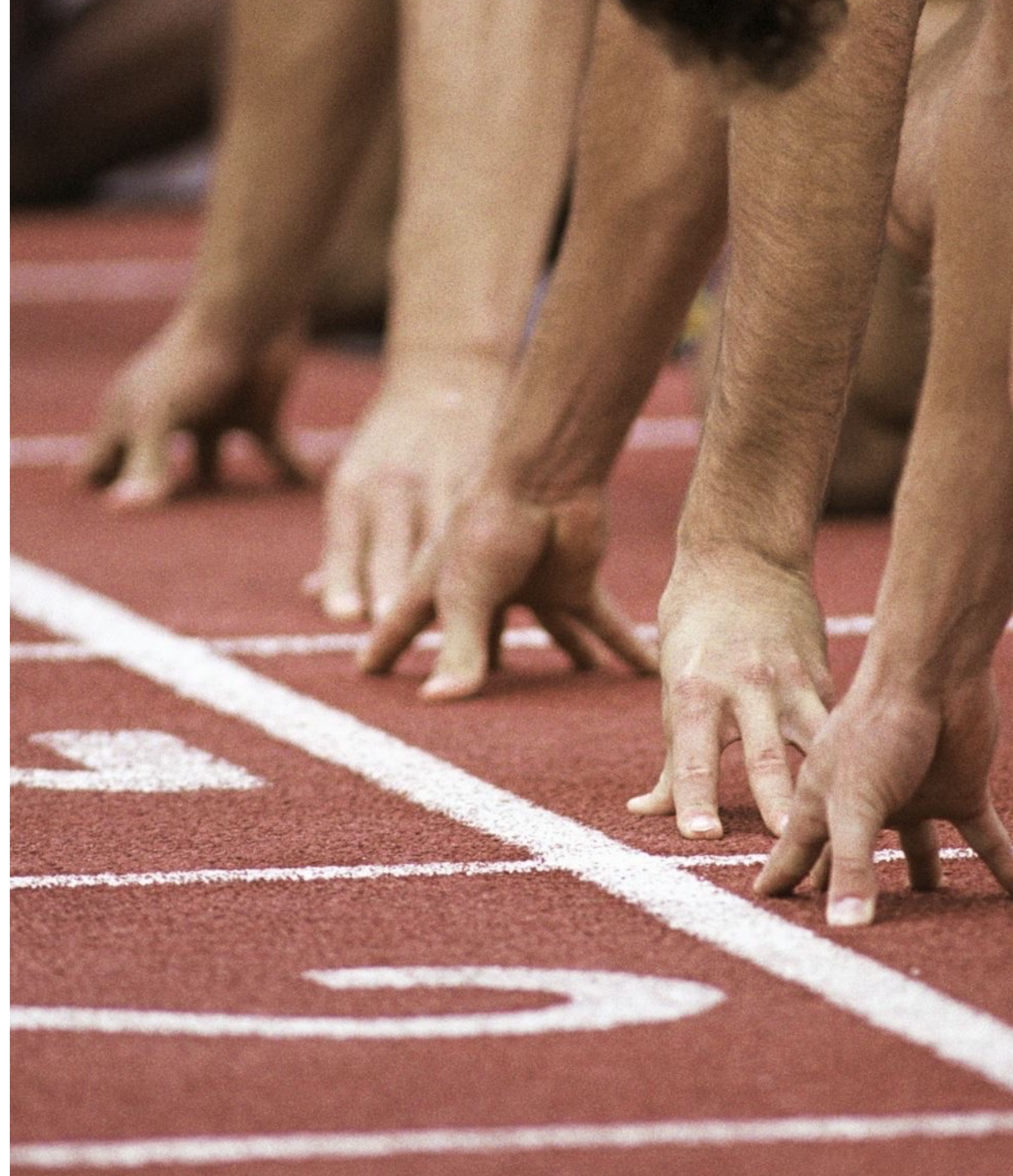
- Define how you will be measured
 - Face-to-face; voice-to-voice interactions
 - Include retention, growth, and new donors
- No more than five measurements
- All must be measurable!

**Where
to begin**

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Getting started

- What is most important to address? Start small.
- Who needs to be involved?
- Time/urgency/budget



Next steps

- Define the second mission
- Set the big goals
- Begin segmentation of your Top 100

How important is retention?

Your **best** customer is your **current** customer!

Discussion



Thank you

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