

Chapter Nine

Show Me the Money—Feasibility Study



Study Leads to Exciting New Strategy in King County, Washington

In January 2000, after 32 years of operating in their 25,000-square-foot facility, the Humane Society for Seattle/King County (HSSKC) hired The Collins Group (TCG) to evaluate its potential for a \$6-million new facility capital campaign. TCG reviewed the organization's history and fundraising data, convened an advisory committee to create a case statement, and presented this case statement to the community in confidential interviews and focus groups. TCG studied organizational strengths, HSSKC's case for support, membership giving potential, organizational and campaign leadership, institutional readiness, and the local climate and timing for a campaign. They then weighed their findings against the criteria necessary for a successful capital campaign and prepared a detailed 91-page report, including the following highlights:

Conclusions

While HSSKC was not ready to launch a campaign immediately, it had a lot of potential. Recommendations were designed to build on three key strengths: (1) broad base of support—an outstanding number of volunteers and donors; (2) positive name recognition—very well known locally and strong national reputation; and (3) emotional attachment—people care deeply about their pets and helping animals.

Recommendations

Shift from a focus on a new building to strengthening institutional capacity. TCG's suggestions for a successful future course included: (1) articulate a vision and determine community need; (2) explore options to achieve the vision; (3) decide whether to prepare for a capital campaign or sell land reserves; and (4) invest in a stronger commitment (more staff) for development.

HSSKC CEO Nancy McKenney acknowledges that it was initially hard to hear the news that they weren't ready for a capital campaign. In hindsight however, McKenney thinks the organization is much stronger thanks to the direction the study provided. Since 2000, HSSKC launched a new strategic planning process, revised their mission, and developed their own distinct messages and "brand" with pro bono help from a local PR firm (which included dispelling the myth that HSSKC is "just a shelter"). HSSKC also launched a year-long media campaign, and began preparations in June 2003 for a community-wide needs assessment.







The two most beautiful words in the English language are "check enclosed."

—Dorothy Parker

Show Me the Money—Feasibility Study

What is it?	A financial feasibility study evaluates whether your community will fund your initiative, and at what level.
Why do it?	You want to know that your community will support a major project and that you can afford one—before you commit major resources of time, energy, and money.
When?	<ul style="list-style-type: none"> • before launching a new organization or major initiative • as soon as preliminary building plans and estimates are done—but before you’ve committed to the project • in preparation for coping with the loss of a major source of revenue • when assessing how accurately you are forecasting revenue
How?	<ol style="list-style-type: none"> 1. Calculate your costs. 2. Assess earned revenue potential. 3. Interview prospects. 4. Scope the campaign. 5. Determine readiness.

Key

	Ahead of the Pack
	Caution
	For More Info
	Example
	Food for Thought
	Hint

Step 1. Calculate your costs.

If you are evaluating a program or service, include:

- Staff Expenses: wages, taxes, benefits, uniforms, professional development
- Overhead Costs: space, utilities, accounting, insurance, technology, equipment, vehicles
- Operations Costs: office supplies, animal care and cleaning supplies, food, veterinary fees, medicine and medical supplies, toys and training supplies, other consumables

If your project is a new building, you will need to include:

- Building Costs: property, design, site preparation, building materials, construction, construction management, loans and financing, fundraising
- Projected Operations Costs (estimated for the first three to five years in the new facility): staff and related expenses, professional costs (insurance, legal, accounting, consulting), building overhead, program operations

Step 2. Assess earned revenue potential.

How much will your clients (customers) pay? Get input from other humane organizations that provide similar services, check out the prices your local competition has set, and ask a representative sample of your intended clients what they think of your proposed fees and how likely they would be to pay them. Calculate a best case/worst case projection of earned revenue potential using the Feasibility Summary on pages 107-110.

Step 3. Interview prospects.

Identify your prospects (potential major donors) including foundation officials, your current major contributors, and other possible sources of funding. To assess their interest and potential support for your program, provide your prospects with a brief, articulate description of the program and a summary of the evidence that proves the program is needed. (Who, what, when, where, why, how?)



Put your volunteers' words to work for you!


At the Massachusetts SPCA, Phinney's Friends Program Director Nancy McElwain writes foundation proposals using quotes like this one from a volunteer to inspire funders with a vision of positive outcomes: "Without a doubt, the particular people and images that come to mind that represent Phinney's Friends are the images of the expression of clients' appreciation and gratitude. The high points are knowing that the clients have a sense of security that their pets are being looked after on a consistent basis by volunteers who truly have a love for animals in general and a love for their pets specifically. The benefits are twofold—Phinney's helps the animals, as well as the clients, to maintain the bond."

Ask your prospects for feedback using the questions below as a guide. Document what you learn. Consider whether it's appropriate to adjust your plans based on feedback from your prospects.

- What excites you about our vision and goals?
- How familiar were you with the need prior to reading our proposal? How well do you think our project will maximize community resources to meet the need?
- What do you see as critical to the success of this endeavor? How viable do you see this endeavor? Why?
- How supportive would you be of this endeavor? If we were to begin a fundraising campaign for this project in the next six months, at what level would you see yourself participating?
- Who else do you think we should talk with/get feedback from?



You may be ready... but are they? Often a feasibility study indicates the need to do more "donor education" about the necessity of, and potential for, your project before you launch a campaign.

 **Obtain input from a broad cross-section of your support base.** A simple and friendly member survey can help test the readiness of your membership for a capital campaign and double as an educational tool to make them aware of the need for your project and your services. Adapt the following questions to suit your needs and your audience, and present them in a simple-to-follow format along with a personalized cover letter and return envelope.

NEW HUMANE CENTER PLANNING SURVEY

Part I: To help us learn about our supporters

1. How long have you lived in this area? _____
2. How long have you supported this humane society? _____
3. In what ways do you support this humane society (check all that apply)

<input type="checkbox"/> mail-in donations	<input type="checkbox"/> Internet donations	<input type="checkbox"/> pet food donations	<input type="checkbox"/> volunteer
<input type="checkbox"/> adopt	<input type="checkbox"/> attend training classes	<input type="checkbox"/> purchase supplies	<input type="checkbox"/> refer people for adoption
<input type="checkbox"/> refer people to training classes	<input type="checkbox"/> other: _____		
4. Are you male female? How many people live in your home? _____
5. What is your age range? 18-29 30-39 40-49 50-59 60-69 70-79 80 and up
6. How many of these pets live in your household?
 dogs_____ cats_____ rabbits_____ horses_____ other:_____

Part II: To help us know how effectively we're getting our message out

7. Did you know we care for more than XXX animals in the shelter every year? yes no
8. Did you know that the vast majority of those animals (XX%) are surrendered by their owners? yes no
9. Did you know it costs \$XX to care for each of those animals? yes no
10. Did you know that our adoption rate is among the highest in the nation at XX%? yes no
11. Did you know that we offer training classes and a behavior help line with expert advice to help people live successfully with cats and dogs? yes no
12. Did you know that we receive no government or United Way funding? yes no

Part III: To help us understand the community's perception of our current facility

13. How often have you visited our shelter during the past 3 years?
 not at all 1 to 3 times more than 3 times
14. What has been the purpose of your visit(s)?
 adopt volunteer training class special event other: _____
 did not visit at least one time
15. How would you rate the size and appearance of the spaces in our facility?
 adequate inadequate unsure did not visit at least one time
16. Did the facility allow the animals to be seen at their best?
 yes no unsure did not visit at least one time
17. Did the facility make you feel comfortable and inspire you to visit often?
 yes no unsure did not visit at least one time
18. If you have not visited, is it because you're worried it will make you feel badly? yes no unsure

Step 4. Scope the campaign.

How many gifts will you need?

How much time will it take?

Consult at least three humane organizations with similar initiatives to gauge humane society campaigns, and at least three local nonprofits of comparable size to gauge your local donor base. Use the comparison tables on pages 111 and 112.

Who will do what?

Ask other organizations for their experience and advice in identifying and working with campaign leadership. (See *Benchmarking Interviews* in Chapter 4.) Determine specifically which activities will be staff responsibilities and which will be board responsibilities. For example:

- campaign planning and management
- donor prospecting
- database management
- database input
- solicitation letters
- development calls and visits
- gift tracking and accounting
- thank you letters
- campaign communications (newsletters, campaign updates, etc.)

Will you be adding staff to fulfill these additional responsibilities, or will you be relieving existing staff of other responsibilities? In either case, the more specifically you plan, the more smoothly your campaign will run, increasing your likelihood for success.

Step 5. Determine readiness.

Assess your organization's development abilities, needs and track record.

- In the past three to five years, how accurately have you projected expenditures and revenues?
- How well have you met development (fundraising) goals? (See Chapter 10 on fiscal status.)
- Do you have people with successful campaign experience on staff? ... on the board?
- How often do you have personal contact with your donors?
- Are your major gifts and annual donations increasing both in size and numbers?
- What additional skills and expertise will you need, and how will you acquire them?

Note: If hiring a professional fundraiser, be sure to clarify your organization's expectations. See the Hints for Hiring the Right Pro, on page 106.



Protect Your Assets

It's not unusual for board and staff members who are new to development to feel intimidated by the prospect of a major campaign. However, it is rarely advisable to use endowment funds to underwrite capital initiatives. If your organization is committed to protecting your endowment, pass a board resolution to raise the money *before* commencing the project.



Associated Grantmakers of Massachusetts, www.agmconnect.org, has terrific articles for identifying and soliciting foundations; The Fund (Raiser) for Animals, www.AnimalFunding.org, created by The Fund for Animals, offers free advice and guidelines on fundraising for individuals and groups involved in animal protection; The Philanthropic Quest shows you how to identify and talk with prospects at www.appreciative-inquiry.org/AI-Fund.htm.

HINTS FOR HIRING THE RIGHT PRO*

CLARIFY YOUR NEEDS AND WANTS

- Do you need someone to evaluate the organization in terms of strengths and weaknesses for fund-development purposes?
... to help the organization identify and develop its best fundraising program assets?
... to do a fundraising feasibility study?
- Do you need someone to develop a fundraising blueprint and strategy—from friend-raising to training and supporting the CEO and volunteers?
- Does the organization need to do a lot of prospecting for new donors?
- Does the organization expect the person in this position to carry out special-event fundraising only?
- Do you desire to build an endowment?
- Do you plan on conducting a capital campaign?
- Do you expect the person to take on press/communication development as well?
- Do you expect this person to research and write grant proposals?
- Are you seeking to expand an existing program—or to start from scratch?
- Do you want a consultant—or a staff person? If a staff person, will that person have access to a consultant?
- Is your organization willing to pay for the professional you want? *Quality fundraising professionals don't have to be the most expensive. However, success doesn't come cheap.*
- Are the organization's board, CEO and other professional staff and volunteers willing to participate in development efforts? *Fund development is an organization-wide effort that cannot be delegated to one or two persons.*

ASSESS THE PROFESSIONAL

- Is the candidate a Certified Fund Raising Executive (CFRE)? *This designation does not guarantee the person is a good fundraiser; it certifies s/he is knowledgeable about the field and agrees to follow certain ethical guidelines.*
- Does the candidate have personal passion about your mission? *The more passion a person brings, the better the chances of success.*
- Does the candidate “click” with the people with whom s/he will be working? *Fundraising requires good, close working relationships with people in all levels of the organization. The CEO, board, professional staff, and shelter staff will all need to be able to work with this person. Include some or all of them in the interview process.*
- What type of clerical/professional support can you provide for this position? *Be very specific. Search for a professional who has not only the development skills you have identified, but the clerical or other skills you cannot support through other staff. If s/he needs computer skills to set up and run the development software, identify that skill as a prerequisite before you hire the person.*
- What is her/his track record with other organizations and in communities like yours? How enthusiastic are her/his references from former clients? For which activities (see needs and wants questions above) does the person earn high marks?

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FEASIBILITY SUMMARY

Part One: Costs

		Year One	Year Two	Year Three	Year Four	Year Five
PROGRAM EXPENSES	Staff expenses					
	Overhead					
	Operations					
	Total program costs					

or

CONSTRUCTION EXPENSES	Property					
	Design					
	Site prep					
	Materials					
	Construction					
	Construction management					
	Contingency					
	Financing					
	Fundraising					
	Total new facility costs					

and

OPERATIONS EXPENSES	Staff expenses					
	Overhead					
	Operations					
	Total operations costs					

Part Two: Earned Revenue Potential

Best case scenario					
Worst case scenario					
Average					

continued

Part Three: Likely Capital Support

(As indicated in interviews, focus groups, and surveys with donors, foundation officials, and members.)

	# Indicated	Size of Gifts	Conditions or Other Information
Lead gifts			
Major donations			
Gifts in addition to regular donations			
Gifts in lieu of regular donations			

Part Four: Campaign Scope

Based on your comparisons with other humane and local organizations...

Who will you approach to lead the campaign and what will be this person’s role and responsibilities? _____

What will you need for a lead or kick-off gift? _____

continued

How many prospects do you have for lead gifts and what have they indicated so far? _____

How many gifts will you need in each level of giving? _____

How long will the campaign take? _____

Part Five: Organizational Capacity

	Who Is Responsible	Training Required	Plan and Timing for Training
Campaign planning & management			
Donor prospecting			
Database management			
Database input			
Solicitation letters			
Development calls & visits			
Gift tracking & accounting			
Thank you letters			
Campaign materials			
Campaign communications			
Who will solicit for the campaign?			

continued

CAMPAIGN COMPARISON SURVEY—HUMANE ORGANIZATIONS

	COMPARISON ORGANIZATION #1	COMPARISON ORGANIZATION #2	COMPARISON ORGANIZATION #3
Size of campaign (dollars)			
Length of campaign (months)			
Campaign leadership			
Leadership responsibilities			
Board responsibilities			
Board time on campaign			
Staff responsibilities			
Staff time on campaign			
Avg. no. of calls/donation			
Number & size of lead gifts			
No. gifts \$100,000+			
No. gifts \$50,000 to \$99,999			
No. gifts \$20,000 to \$49,999			
No. gifts \$5,000 to \$19,999			
No. gifts \$1,000 to \$4,999			
No. gifts \$500 to \$999			
No. gifts under \$500			
Other details			

CAMPAIGN COMPARISON SURVEY—OTHER NONPROFITS

	COMPARISON ORGANIZATION #1	COMPARISON ORGANIZATION #2	COMPARISON ORGANIZATION #3
Size of campaign (dollars)			
Length of campaign (months)			
Campaign leadership			
Leadership responsibilities			
Board responsibilities			
Board time on campaign			
Staff responsibilities			
Staff time on campaign			
Avg. no. of calls/donation			
Number & size of lead gifts			
No. gifts \$100,00+			
No. gifts \$50,000 to \$99,999			
No. gifts \$20,000 to \$49,999			
No. gifts \$5,000 to \$19,999			
No. gifts \$1,000 to \$4,999			
No. gifts \$500 to \$999			
No. gifts under \$500			
Other details			