

Fundraising Basics for Local History Organizations

By Jamie Simek

While small- and mid-sized museums may find excellent strategies from fundraising resources available online and in-print, it can be challenging to scale this information. Many are written for a target audience of professional fundraisers. When tactics are designed for the pros, who have training, experience, and additional resources under their belts, it can seem overwhelming and sometimes downright impossible for organizations with a small staff or all-volunteer team to adopt their practices. However, even the smallest shop can make a few changes and implement new tactics to professionalize their fundraising approach. This leaflet will introduce those in charge of local history organizations—whether paid or volunteer—to some fundraising basics and practical tips. It's not designed to overhaul your charitable giving efforts overnight, but to offer useful information to help you be more confident and diligent in your fundraising efforts.

The first thing to understand is that fundraising is about people, not money. It's about understanding the wants, needs, and desires of those you serve and directing precious resources toward meeting those expectations. It's also about knowing your prospective donors well enough to match their passions and goals with the impact your organization is trying to achieve and the people you serve. That doesn't happen by accident. Building mutual give-and-take relationships requires work. With the right outlook and approach, it's fun work. As we approach the subject of fundraising and try to make it relevant to organizations of all sizes—but especially to small shops—we'll be grounded in one overarching principle:

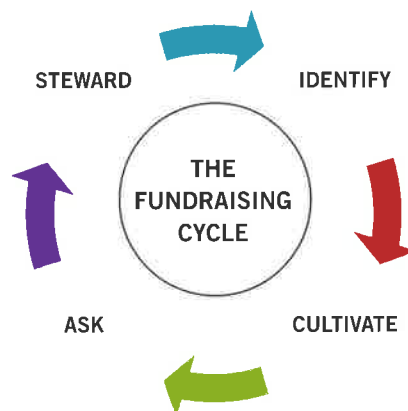
Fundraising is an intentional, people-focused process built on genuine, personalized relationships.

Start with the Basics

Whether you're baking a three-tier wedding cake or a dozen sprinkled cupcakes, you start with the same ingredients. The same is true for fundraising. As in baking, your designs can get fancier and more complicated as you gain more experience, but you're always going to start with the same basic process. We're going to frame this using *the fundraising cycle*.

The Fundraising Cycle

Depending on the reference, you can find fundraising cycles that range from three to fourteen steps. We're going to look at a four-part cycle. While each action is separate and defined, remember that all your fundraising efforts are not going to be in the same phase of the cycle at the same time. They are ongoing and overlapping. You may be identifying potential grant opportunities, mailing solicitation letters, hosting behind-the-scenes tours, and thanking current donors with a special event, all at the same time. Look at your organization as a system. Each part influences the next, but they all operate at the same time.



Four (Okay, Five) Simple Questions:

As you look at the theoretical fundraising cycle, consider these practical questions which get to the heart of each phase in the cycle:

- 1 **Identify.** Who are your friends and supporters (past, current, and potential)?
- 2 **Cultivate.** How can you build and strengthen genuine relationships with them?
- 3 **Ask.** Which needs align with their interests? How would they like to be asked to help?
- 4 **Steward.** How can you show them gratitude?

If you want some good news, the cultivation or “romance” phase of your fundraising efforts should take up about 60 percent of your time. If you add the estimated 10 percent spent on stewardship (saying thanks), that's 70 percent of your fundraising time spent building relationships. With 25 percent spent on identifying and researching prospective donors, only approximately 5 percent of your time is spent asking for money!¹ Let's look more closely at each of these phases.

Identify

Fundraising is about people and the relationships built and nurtured around the mission of the organization. Nothing can replace genuine relationship building—reaching out, making connections, understanding others' values and desires—but there are tactics to make that process simpler and more fruitful.

Contacts Management

Would you be able to call your friends without their numbers in your phone? Or send a birthday card to a relative without easy access to their address? The same is true with your organization's friends. If you're not collecting and managing their contact information, you will miss out on even the simplest opportunities for engagement. All organizations, regardless of size, need to have a system of constituent management in place. These are frequently called CRMs, or constituent relationship management databases. There are many to choose from, and they range from free, open source platforms to expensive, proprietary programs. Some organizations may be able to build their own database using software such as Microsoft Access, while others may find that they already have this capability through their

Consider your fundraising goals:

1. What does your organization need to fund?
2. How much money do you need to raise?
3. How much money has your organization raised in the past?
4. How much money can you raise now?
5. What are your likely funding sources?

PastPerfect contacts module. Others may need to explore options that fit their budgets.

When deciding what information to capture and maintain, define your “must have” info and your “nice to have” details. Examples of must-haves could be name, address, email, phone number, membership history, and gift history. Nice-to-haves might include employment info, volunteer history, event attendance, solicitation history, and a section for notes. However you decide to manage your contacts, remember a few tips:

- Create a formal process for entering and updating information. Train key personnel.
- Keep your contacts in one place. Don't have several versions of different lists in different locations (whether physical or digital).

- Draft a policy to address how sensitive information will be kept safe and who will have access to it.
- Keep the system in a centralized location where it's accessible to key personnel who will use it.
- Consider how this program might be integrated with other systems in the future. For example, if you want to offer online donation processing, will these two systems talk?

Prospect Management

In fundraising, your goal is to attract new donors, and to renew or upgrade current donors. To do this, you need to have a handle not only on the people inside your contact database (your current and past members, supporters, and donors), who are your best prospects, but also on those outside your current contact list. This is going to take some effort and a little research.

Prospect management means segmenting prospective and current donors by their links to the organization, their interest in its work, and their giving ability. This helps fundraisers make informed decisions about which donors might be interested in which projects. Your goals are to 1) identify and learn more about potential prospects, 2) gather more information about current prospects, and 3) continue to use research to inform relationship building with current donors.²

Your research involves looking both inside and outside the contact database to identify new fundraising opportunities. This means identifying potential



Scott Mason

At its heart, fundraising is about building relationships that connect people to a common cause.

donors and funders whose philanthropic goals align with your mission and vision (Interest), who have a connection to the organization, whether through people or programming (Linkage), and who have the means to contribute to your cause (Ability). Successful prospects will usually have some combination of all three. Identifying who these people are and to what degree these factors exist is called qualifying your donor. Some will be more qualified for specific funding initiatives than others. Determining who these prospects are will help you decide how to focus your time.

Cultivate

Cultivation is intentionally and thoughtfully building relationships based on donor-centered touch-points. This part of the fundraising process is about having a genuine desire to know donors better, and in turn, to help them feel more connected to the nonprofit's work. This relationship building leads to mutual understanding, loyalty, and commitment. It's the fun stuff! And luckily, it's what should take up most of your fundraising time.

The fundraiser's goal is to move donors up the giving ladder from suspect to prospect to donor to progressively higher and more frequent levels of giving. But the donor has goals for cultivation too, and it's important to keep these front and center when planning cultivation strategies. This helps us focus on relationships instead of transactions. Remember, the donor wants to:

- ◆ Understand the organization's work
- ◆ View this work as successful, important, and well-planned
- ◆ Perceive that money is spent wisely
- ◆ Feel appreciated
- ◆ Believe that their gift could make a difference
- ◆ Feel individually noticed and cared about

The Four I's

We build and strengthen relationships with people every day. As a fundraiser, your role is to build these relationships intentionally, always looking for ways you can connect the organization's work with the interests and desires of prospective donors. You need to know them well enough to match potential opportunities with supporters that would be most interested. And that relationship needs to be in place long before the opportunity presents itself. The goal is proactive, rather than reactive, fundraising. Here are four strategies to keep in mind as you proactively engage your current and potential supporters.

- 1 **Inform.** Make sure prospects know about your organization and understand its mission. Utilize

multiple engagement channels (face-to-face, email, web, social media, word of mouth) and use them diligently and deliberately.

- 2 **Invite.** Encourage supporters to be present and engaged through programs and special events. Invite them to learn more about your organization and the importance of everyday best practices, especially for those harder-to-fund priorities like collections care and general maintenance.

- 3 **Involve.** Help your supporters match their interests and passions with your needs. Create stakeholders through volunteer opportunities (whether occasional or consistent), committee work, and even service on the board of directors. Help them see firsthand how and why your organization fills a critical role in the community.

- 4 **Inquire.** There's a saying in fundraising: "If you want advice, ask for money. But if you want money, ask for advice." A well-informed donor who's invested in the organization's success, understands the importance of the mission, and backs efforts to move the organization forward (including the need for funds to do so) is a person whose opinion is helpful anyway.

Donor Segmentation

Donor segmentation sounds technical and challenging, but it's easily achieved with the right contact management system. Segmentation is simply putting people into different groups to tailor your messaging or funding requests. This allows for personalized communication and improved ask strategies. If you're doing an annual fund request, you might tailor your new prospect letters differently than those to loyal donors, lapsed members, or attendees of your big annual event. If you've tracked this information in your contact management system, you can craft different messages for different audiences.

It's never too late to begin donor segmentation; you can start small and build on your strategies. Consider frequent givers, those who've given larger gifts, and longtime, loyal supporters. From there you can further inform your strategies with more advanced segmentation. For example, include a reply device and addressed envelope to donors who are more likely to write a check and send it by mail. Then try an email campaign to those who are most likely to click a link and donate online.

Donor segmentation and contact management go hand-in-hand. By tracking data about your donors and prospects, you can make better informed, more strategic decisions about how, who, and when to ask for support.



Scott Mason

Don't shy away from face-to-face funding requests—these can be effective and rewarding conversations.

Ask

When making a request for funding, the goal is to make the “right” ask. But what is that? It’s when you ask the right person for the right amount to support the right program at the right time. The stars don’t always align, but asks based on research, relationship building, and a sound case for support are a good starting point.

When planning ask strategies, balance resources going out with resources (hopefully) coming in. You’re likely to yield better results from more personalized appeals. A face-to-face meeting, personalized note, or phone call from a board member may be better received than a form letter or a request through social media. Let’s look at a few strategies for three of the most common appeals: face to face, direct mail, and email.

Face to Face

When we think of fundraising, we often think of face-to-face asks. Looking a person in the eyes and asking them for money can be uncomfortable. But for most fundraisers, it’s inevitable because some requests absolutely must be done in person. Just remember that by the time you find yourself sitting across the table from a prospective donor, preparing for a big ask, you’ve already built a relationship with this person, shared your ideas and dreams, and asked many questions to understand their priorities and passions. You’ve probably already talked to them about the ini-

tiative you’re hoping they’ll fund. When you sit down for a face-to-face ask, it should never be a surprise to the donor. It’s your job as the fundraiser to move the relationship to that point. Here are a few tips that can be helpful in preparing for a face-to-face request:³

Set an appointment. Don’t just stop by. Get a meeting on their calendar for a set date and time.

Tell them why you’re coming. Let the donor know that you’d like to discuss XYZ project.

Determine who, if anyone, should accompany you. Think about key relationships at work in the organization.

Ask for a specific amount. It can be tempting to ask “for support,” but it’s better to be specific, if possible. This is where good research will be helpful.

Don’t speak first after the ask. It will feel awkward, but it’s important to give the prospective donor a chance to process your request. Hold your tongue until they’re ready to talk it over.

Offer monthly giving or multiyear pledges. If your organization has the capacity, offer to set up monthly giving or allow the donor to pay a pledge over a few years.

Get permission to follow up. If the prospective donor has given you a yes, or even a maybe, be sure to explain how and when you will follow up with them (and then do it).

Don’t burn bridges if you get a “no.” No one likes to be turned down, and a negative response can be disheartening and maybe even embarrassing. But this



Scott Mason

Actively maintain engagement with your supporters—they are your best ambassadors.

is when it's most important to nurture the relationship. A no could mean “not right now” or “not this project.” Continue asking questions and engaging with prospective donors until you find the right fit.

Appeal Letters

Direct mailings fell out of favor for a while due to the high cost of printing and postage, the ease of sending emails, and the assumption that people open their mail standing over a garbage can. However, with email open and click-through rates in decline, the good old-fashioned letter is making a bit of a comeback. Here are a few tips to help keep your request top-of-mind rather than bottom-of-the-recycling-bin.⁴

Write simply and straightforward. Avoid a lot of jargon and flowery language. Make the tone conversational.

Get their attention. Use images or colorful inserts to illustrate the organization's impact.

Make it personal with pronouns. Use words like “you” and “we.”

State why you're writing. Be specific about what their support will mean in terms of impact.

Talk about benefits, rather than need. Speak in terms of opportunities for the donor, as well as the folks you serve.

Create a sense of urgency. Offer a call to action. You want the reader to make a gift now, not put the request in a junk drawer for later.

Ask for money (rather than “support”). Be specific about the request for funding and how it will be used.

Entertain (tell a story, offer news). Make your letter worth their time to read. Talk about a new program or visitor experience, or let them in on the latest news. Give them a reason to start and finish your letter.

Highlight your SMIT (single most important thing). If they take nothing else from your letter, what should it be? What's the bottom-line most important thing?

Include a reply device. Make it easy for them to respond. Include a form and envelope, a phone number, or a website where they can make their gift.

Email

Emails are quick, relatively easy with the right program, and can offer analytics about open and click-through rates. This means you can access data to help you determine how effective they are in your cultivation and appeal process. There are many strategies to guide your email campaigns, and recommendations change as communication trends change—especially when it comes to email, text, and social media. Here are a few things to keep in mind:⁵

- Most emails should be used to build relationships, rather than raise money. Three to four cultivation emails should be sent for each solicitation email. Use email to send newsletters, make announcements and updates, provide resources, and extend invitations.
- Realize that, like letters, most readers will skim emails. Pay special attention to the email subject line, the first sentence, and the P.S. Include pictures when possible and use headlines, as well as bolded or underlined words. Also, remember that less is more, and keep emails shorter than letters (fewer than 400 words).
- Don't forget to ask. Emails should still have a call to action, whether it's a membership renewal reminder, an appeal for funding, or an invitation to learn more on the organization's website or social media account. Be sure to include links in the email that will get folks where they need to be.

While it may not be the most labor-intensive part of fundraising, making the ask is certainly the most intimidating. It helps to realize that most of us are not only fundraisers, but also givers. And we (hopefully) give because we want to—because the organization's mission speaks to us, because we know someone who is better off because of it, or because we were asked by the right person for the right project at the right time.

Steward

Stewardship is the final phase in the fundraising cycle, but it's by no means the end. Good stewardship is what sets the organization up for another successful turn around the fundraising circle. Stewardship is a combination of gratitude—genuine gratitude thoughtfully expressed to givers—and accountability, or “the careful and responsible management of something entrusted to the care of others.”⁶

Fundraising Stewardship Is Often Expressed through Four Measurable Strategies:⁷

- 1 Reciprocity.** Gratitude expressed in exchange for the gift (whether of time, talent, or treasure).
- 2 Responsibility.** Acting in a socially responsible way (including using gifts in the way they were designated by the giver).
- 3 Reporting.** Keeping donors and the public informed about developments within the organization (in line with the transparency that is expected of a public charity).
- 4 Relationship nurturing.** Paying attention to those who give, even after the gift has been processed and spent.

As with most processes in a system, stewardship will run more smoothly and effectively if you formalize the procedure and make it part of your institutional culture—that is, knowledge that is passed down from employee to employee, from volunteer to volunteer. To receive gifts gratefully and gracefully, take time to identify and write out your gift processing procedure. These are all important to the logistics of stewardship:

- Process the gift quickly and update the donor records immediately.
- Ensure that designated gifts (i.e. funds given for a specific project or initiative) are properly identified and deposited in the correct account.
- Generate a proper thank you and send it in a timely manner.
- Schedule regular updates with donors—whether by mail, email, telephone, or in person—and put them in your calendar.



Tips for thank you letters:⁸

- Personalized—like you're writing a friend
- In the mail within forty-eight hours
- Reference gift amount and date
- Cite what the gift was for and what you are going to do with it
- Include a “P.S.” to drive donors to your website, Facebook page, etc.
- Provide your contact info
- Include applicable tax-deductible language

Conclusion

Fundraising rarely happens by accident. It certainly never happens that way when we really need it, or frequently enough that we can count on chance to meet the needs of our organization, and by extension, the people we serve. You don't have to be perfect at fundraising right out of the gate (or ever, really), and you don't have to do everything all at once. Identify a few small changes you can make to your fundraising processes (or identify a few you can try if you're just getting started). Once those become ingrained, pick a few more. Even if by small steps, make fundraising a priority and remember these tips:

- 1. Make your case for support. Know what you want to fund and why.
- 2. Be transparent about your organization's goals and objectives.
- 3. Do a little research to help you engage with prospects both proactively and reactively.
- 4. Commit to contact management. Keep track of your friends.
- 5. Know why your work is important and be prepared to talk about it.
- 6. Engage your current supporters. Not only are they your best prospects, but they are also your best ambassadors and advocates.
- 7. Plan, plan, plan, ask.
- 8. Always demonstrate gratitude and accountability to donors, members, and supporters.

Above all else, remember that your cause is important and worthy of support. The outcomes you are trying to achieve are bigger than the organization, which exists to serve the people of your community. Fundraising is about building connections and relationships between people, for people. Be intentional, stay outwardly-focused, celebrate small victories, and have fun!

Additional Resources

- 1. American Association for State and Local History Small Museums Community: <https://aaslh.org/resources/affinity-groups>
- 2. Indiana Historical Society Heritage Support Grants – Resources: <https://indianahistory.org/across-indiana/heritage-support-grants/resources>
- 3. American Alliance of Museums Financial Stability Resources: www.aam-us.org/programs/resource-library/financial-stability-resources

- 4. Donor Search Prospect Research: The Ultimate Guide: www.donorsearch.net/prospect-research-ultimate-guide
- 5. The Next Generation of American Giving (Blackbaud): <https://institute.blackbaud.com/asset/the-next-generation-of-american-giving-2018>

Acknowledgements

The author would like to recognize the Indiana Historical Society and the Heritage Support Grants Program, made possible by Lilly Endowment Inc. This innovative program offers fundraising training and grants to local history organizations in the state of Indiana. She developed the content of this leaflet, which was presented as a workshop at the 2017 AASLH Annual Meeting in Austin, Texas, while serving as the Fundraising Educator in Local History Services at the Indiana Historical Society. Sincere appreciation goes to colleagues there for their professionalism, creativity, good humor, and willingness to embrace logic models.



Jamie Simek handles grants and special projects at the Indianapolis Motor Speedway Museum. She can be reached at jsimek@brickyard.com.

¹ "CASE - Fundraising Fundamentals, Part 2, Section 7," *Council for the Advancement and Support of Education*, accessed May 21, 2018, www.case.org/Publications_and_Products/Fundraising_Fundamentals_Intro/Fundraising_Fundamentals_section_7/Fundraising_Fundamentals_section_71.html.

² For more information, see Jennifer Filla "Prospect Research—Even with Limited Resources," *Advancing Philanthropy* (Summer 2013), www.afpnet.org/files/ContentDocuments/54-56%20Prospect%20Development.pdf.

³ Adapted from Mark A. Pittman, "Major Gift Fundraising," *The Essential Fundraising Handbook for Small Nonprofits* (Louisville, KY: Nonprofit Academy, 2014), 229-59.

⁴ "How to Write an Annual Fundraising Appeal Letter," *Bloomerang*, accessed May 21, 2018. <https://bloomerang.co/blog/infographic-how-to-write-an-annual-fundraising-appeal-letter>.

⁵ Joe Garecht, "How to Write Fundraising Emails that Get Results," *The Fundraising Authority*, accessed May 21, 2018. www.thefundraising-authority.com/internet-fundraising/e-mail-fundraising-letters.

⁶ William G. Enright and Timothy L. Seiler, "The Practice of Stewardship," *Achieving Excellence in Fundraising* (San Francisco: Jossey-Bass, 2011), 268.

⁷ Many sources cite four fundraising stewardship strategies identified in Richard D. Waters, "Measuring Stewardship in Public Relations," *Public Relations Review Journal* 35, no. 2 (2009): 113-119.

⁸ Adapted from Pamela Grow, "Keep 'Em: Retaining Your Donors with a System for Stewardship," *The Essential Fundraising Handbook for Small Nonprofits* (Louisville, KY: Nonprofit Academy, 2014), 59-82.