

# *The Sheridan Group* – Education Series

## The Capital Campaign Feasibility Study: Getting the Most Bang for Your Buck

As an institution strengthens relationships with key constituents by involving them in the refinement of overall institutional strategic priorities, the logical next step is to conduct a capital campaign.

Prior to a campaign, the institution is best served by a due diligence exercise commonly referred to as a capital campaign feasibility study. This effort to 'test the waters' provides an objective assessment of fundraising capacity and will answer the critical questions concerning the potential for a fund raising campaign - how much, by whom, in what order and, perhaps most important, why. With very few exceptions, it is optimal to utilize an independent fundraising consulting firm whose assessment will be based on the process, combined with significant experience in the field.

While the costs of a study are not insignificant, they are ultimately a down payment on (greater) campaign success. We devote this issue of *The Sheridan Group Education Series* to defining and detailing the campaign feasibility study process.

### **Key Deliverables**

- An objective, professional evaluation of your current development program, and the ability of the development office to staff and support a campaign (through an initial campaign readiness assessment);
- The image of your institution with its various constituencies, its strengths and weaknesses, etc.;
- The funding priorities which will be best received and supported;
- A reading on public opinion regarding the campaign potential;
- The likelihood of securing a sufficient number of donors and volunteers;
- The nucleus of a leadership group for a campaign;
- An assessment of potential giving at various levels;
- The giving potential of major gift prospects;
- An estimated, achievable campaign goal;
- An assessment on appropriate timing for the campaign; and
- A comprehensive Campaign Operating Plan.

### **Additional Benefits**

- Education and cultivation of your institution's donors and prospects;
- Interest in and momentum for the campaign;
- Motivation of potential campaign volunteers; and
- Identification of potential challenges to campaign success.

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## Feasibility Study Timing

- After specific institutional program and project needs have been identified through a consensus-building, inclusive strategic planning process;
- After the institution has identified and begun cultivating major gift prospects;
- After the institution's development program has developed credibility and momentum;
- After the Board has committed itself to providing leadership and support to meet the program and project needs; and
- Prior to setting a campaign dollar goal and announcing a campaign kick-off date.

## The Feasibility Study Process

- An internal campaign readiness assessment, evaluating development and communications/marketing programs, systems and staffing;
- Preparation of the interview questionnaire, tailored range of gifts chart, and interview request letter;
- Development of an interview candidate pool comprised of those with the ability to give, the ability to lead, significant relationships and passion for the institution;
- Completion of personal, confidential interviews (typically 35-40);
- Relevant independent research regarding philanthropic trends, economic conditions, market share, potential leadership prospects;
- Assembly of data and preparation of a final report;
- Presentation of the report to the Board.

## Feasibility Study Report Contents

- Quantitative and qualitative analysis of each interview question;
- Representative comments to illustrate findings;
- A list of leadership, volunteer and gift prospects;
- Recommendations for public relations and/or marketing activities in support of the campaign;
- Recommended areas in which your various constituencies need education (about the institution, its programs, planned giving, etc.);
- An overall goal, broken down by funding priorities;
- A preliminary operating plan for your campaign, including:
  - prioritized campaign objectives;
  - quarterly campaign operating timeline;
  - delineation of roles and responsibilities for campaign leadership, staffing, management and counsel;
  - model campaign budget forecasting philanthropic attainment and anticipated operating expenses; and
  - monthly task summary.

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## Next Steps

- The Board of Trustees reviews and approves the study recommendations.
- The consulting firm completes the Campaign Operating Plan and budget for board/staff review and approval.
- If recommended, the consulting firm is retained to provide appropriate direction and management of some or all of the following areas:
  - Campaign Leadership Recruitment
  - Volunteer (including Board) Fundraising Training
  - Case for Support Refinement
  - Top Prospect Strategy Development
  - Operational and Logistical Support
- If it is determined that the institution is not ready to launch a campaign, the consulting firm should provide a campaign readiness plan and timetable to further prepare the institution and its major constituencies for the anticipated campaign.

## Other Applications

- As a strategic planning tool to enhance the institution's long-range planning;
- As a marketing tool to refine communications, marketing and public relations plans; and
- As a test of interest in other components of the institution's overall development plan, such as annual giving, planned giving and/or stewardship.

## Selecting the 'Right' Firm

- Research local, regional and national firms and issue a detailed RFP to a select number of firms;
- Ask about feasibility studies that the firm has completed for similar institutions, and whether the campaigns were successful;
- Ask about situations where the feasibility study results did not support moving ahead with a campaign and the resulting recommendations and next steps;
- Upon request by interested firms, conduct informational interviews prior to feasibility study proposal development and submission;
- Narrow the pool of consulting firms based on proposals submitted and interview three to four finalists;
- Request a list and check references from institutions where the firm has conducted feasibility studies recently; and,
- Interview the individual who will actually conduct the feasibility study and request references from his/her most recent similar assignments.