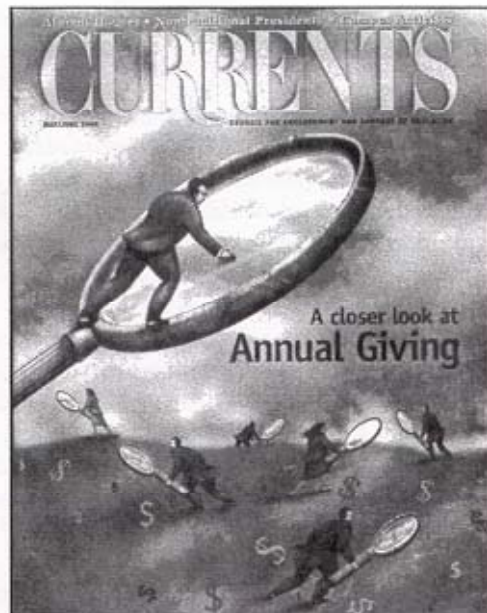


# Proceed According to Plan

*Why and how to create a strategic plan for the annual fund*

By Robert A. Burdenski



A quick electronic poll of 40 annual giving directors at a session of the 1999 CASE District V annual conference revealed that only one-third of them actually write and evaluate a plan for the annual fund each year. Even fewer conduct any longer-term strategic planning.

Do those who make the effort to write out their goals, objectives, and strategies simply have too much time on their hands? Unless there's a method to this planning madness, some annual giving directors might say, please excuse us, but we have to go conduct another volunteer training session.

When asked, however, the planning aficionados say that the time they spend strategizing is a critical investment in the success of their programs. No two institutions seem to go about strategic planning the same way, but examining how several campuses approach it should make apparent its benefits and how other campuses can do it, too.

## CLEAR BENEFITS

Before you reject strategic planning as another useless, irrelevant bureaucratic exercise, consider the following benefits of a well-constructed annual giving plan:

- **It organizes day-to-day activity.**

Effective annual giving is as much about organization as it is about anything else. "I've been in annual fund drives where you just move from one crisis to the next," says Mary Rundus, Westminster College's director of annual giving. "With so many details to cover, our planning process lets us map everything out at the beginning. Knowing when the brochure will be ready, for example, helps us schedule the work for our students, schedule our postage expenditures, and plan when returns might be coming in so our data-entry personnel are ready," she explains.

Once the annual giving staff takes the time to thoughtfully map out the program's goals, strategies, methods, budgets, and timelines, it has armed itself with a stress-reducing point of reference for the year. "Having and keeping the appeal schedule ... helps prevent things from falling through the cracks," Rundus adds. "We're not perfect at this yet, but

even when things *do* get off, the plan helps us to refocus and get back on track."

- **It heads off interference.** Because annual fund appeals go out to both internal and external campus constituents, colleagues and volunteers who have received many appeals over the years may consider themselves authorities on the topic. Annual fund directors who have not articulated their program vision can be at the mercy of the board member, campus CEO, development director, or other person who offers a well-intentioned but short-sighted change in the middle of the program year. A written plan that describes the strategy behind each appeal can help put these suggestions in perspective and let people see the wisdom of your ideas up front.

"At times, I've pointed to our plan and said, 'Here's the reason we're doing this at this time and in this way,'" says Liz Zima, director of annual giving at Mount St. Mary's College in Los Angeles, California. "When people see that we've gone to the trouble of thinking things through on the front end, they give us the space to actually run our program."

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• **It builds awareness among internal and external audiences.** A strategic plan can help educate both administrators and volunteer leaders about the annual fund's role and purpose in the organization as well as show how well it's performing. Don't expect people to be excited about your LYBUNT renewal rate, for instance, if you haven't taken the time to explain what it is, why it's a good thing, and how it compares to your goal and past achievements.

• **It serves as a powerful evaluation tool.** The planning process should bring the staff and the managers together at the discussion table to set measurable goals. "If there are disagreements about what the annual fund is going to accomplish for the year, we can discuss and resolve them up front," says Terri Andrews, director of annual and corporate giving at McKendree College. "Not building consensus is a recipe for disaster."

Andrews gives the example of an annual fund director who's an expert in direct mail, but whose supervisor expects him to spend the bulk of his time on face-to-face visits or supervising the phonathon. At the end of the year, he might believe he did a fantastic job—and be unpleasantly surprised by the negative evaluation he receives.

"Agreeing on what is, essentially, my year-long to-do list is advantageous to me, my direct supervisor, and the human resources people," Andrews says. "We all know what I said I would accomplish—and whether I did."

If she does everything on her list but does not meet her goals, Andrews adds, "I can go back to the plan, analyze which steps of it were ineffective, and make recommendations for the coming year."

• **It provides continuity.** "Talented annual giving people tend to be in demand, and they have a lot of opportunities to go elsewhere," says Ron Stephany, vice president for university relations at the University of Redlands. The high staff turnover that annual giving programs face can deplete institutional memory, leaving today's staff to wonder what the previous one was thinking. As a result, annual

giving programs are perpetually rebuilding.

A written strategic plan expresses the long-term vision and thinking of the people who created it. As Stephany puts it, Redlands' annual giving plan "can steady our ship if we have a staff loss." Staffers who move on can thus leave a legacy greater than a stack of undialed phonathon pledge cards.

## SIX PLANNING APPROACHES

Annual fund directors who find the above logic convincing may now be wondering, OK, how do I begin? The content, structure, and purpose of a strategic plan can vary widely from institution to institution. One plan may focus on educating the board, while another plan may primarily function as a way to organize appeals to 50 different constituent groups.

Below I've described how six institutions approach their annual fund strategic planning. The best plans include elements of all six approaches, but they emphasize the element that addresses the institution's most pressing fund-raising concern.

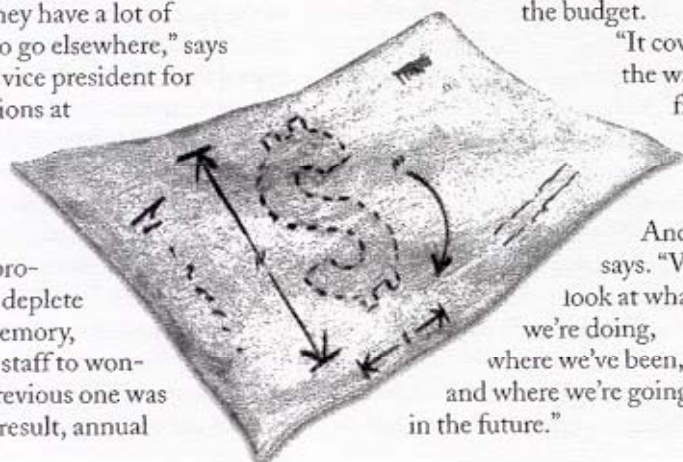
### 1. Look at the big picture.

"Most people, especially board members, immediately flip through the plan to see the bottom line of our fund-raising projections," says McKendree's Andrews. "We provide quantifiable monetary goals, but it's important for people to look at those numbers in the bigger context."

That's why her plan, outlined on page 22, gives the big picture: a definition of the annual fund; historical figures for dollars raised; goals for dollars, participation, and volunteer involvement; a timeline for the year's activities; the evaluation plan; and the budget.

"It covers the waterfront,"

Andrews says. "We look at what we're doing, where we've been, and where we're going in the future."



## 2. Set specific goals, objectives, and strategies.

In addition to looking at the big picture, most plans will need to describe what the annual fund should accomplish in the upcoming year. That means setting overall dollar goals along with several objectives, or operational details about how the institution will reach those goals.

Goals and objectives are the focal point of Reed College's annual giving plan. The 1,200-student college sets a dollar goal for each audience (e.g., trustees, alumni, parents, friends) and then selects four specific objectives for the program as a whole. This year's objectives are:

- Add five members to the Amanda Reed Society (annual gifts of \$10,000 or more).
- Add 35 members to the Griffin Society (annual gifts of \$1,000 to \$9,999).
- Add 175 alumni donors to increase alumni participation to 42 percent.
- Increase the number of parent donors from 1,000 to 1,200.

"I know that if we achieve all of our objectives, we'll reach our fund-raising goals," says Julia Feely, Reed's director of gift programs.

The plan goes on to identify specific strategies—direct mail, in-person, or phonathon appeals—that the annual giving program will use to achieve the four primary objectives. To increase the number of Griffin Society members, for instance, the staff identified the following strategies:

- Expand the prospect pool.
- Send two cultivation mailings prior to the solicitation.
- Host a series of small lunches with the president.
- Increase the number of personal solicitations by staff.
- Have student callers contact prospects not solicited in person.
- Make targeted follow-up phone calls and visits to members after events.
- Make thank-you calls to donors the day the college receives a renewal or new gift.

"We found that the small lunches with the president—usually fewer than 12 people—and the thank-you calls when we received gifts were two of the strongest strategies" to meet this objective, Feely says. Reed added 50 new donors to the Griffin Society and the annual fund exceeded its goal, raising just over \$1.9 million, in fiscal year 1998.

### 3. Evaluate external considerations.

The annual fund does not exist in a vacuum, of course. The University of Southern California's "Program Evaluation and Blueprint" for the annual fund examines the issues and trends surrounding USC's program, from past annual fund performance to alumni lifestyles to internal relationships on campus. The staff then takes these issues into consideration when quantifying goals and creating strategies for the year.

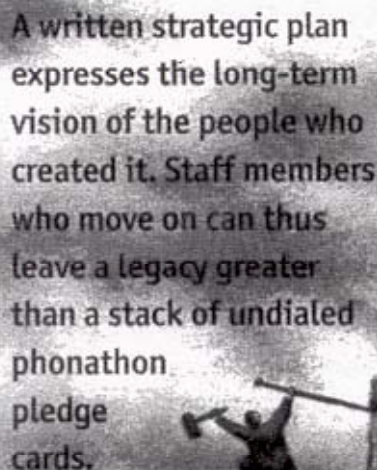
This year, the staff determined that because technologies such as e-mail and the Internet have permeated daily life, it will begin having student office workers e-mail thank-you letters to donors. And, because the increased number of phone number and area code changes has made it difficult to maintain an accurate database, the annual fund launched a new, staffed toll-free number that alumni can use to update their records or ask any number of questions, from "Who's the quarterback this year?" to "Can you fix my campus parking ticket?" (USC's full list of issues and trends is on page 22.)

"We get ideas like this randomly throughout the course of the year from all kinds of sources, but the annual planning process allows us to organize our thinking and fit the ideas into an effective process for improving the program over time," says Jennifer Houlihan, USC's executive director of annual giving.

### 4. Think about solicitations from the prospects' perspective.

Most campuses segment their donors—pulling out reunion-year givers, parents, first-time givers, or dozens of other combinations for targeted appeals. But if they're not careful, a reunion-year alumnus who is married to an alumni board member and the parent of a current student could get a half-dozen appeals from the same institution in a matter of months. That's why it's important to look at the annual giving program from the prospects' perspective.

Juliana Brown, executive director of advancement services and annual giving at the University of Michigan, is notorious among her staff for her solution to solicitation overlap: the annual Post-It Note planning party. She and her staff hang an eight-foot-long piece of white paper divided into 12 sections, one for each month of the fiscal year, along an office wall. The



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staff then designates a Post-It Note color for each constituent audience: pink for leadership donors, blue for lapsed donors, yellow for parents, and so on. Each proposed solicitation initiative—by phone, mail, or in person—gets a Post-It Note in the designated color and a spot on the calendar. At the end of the process, the staff has a full-color composite sketch of all planned activities and can easily spot excesses, conflicts, and neglected audiences.

"My staff likes to tease me about my color-coding obsession, and staff members always warn new people about it," Brown says, "but they all tell me it really helps them understand what we are trying to do."

Brown reproduces a cleaned-up version of the colorful chart in the final written plan to give the staff, administrators, and volunteer leaders an overview of the university's various constituencies and the planned appeals targeted to each. The written plan also includes an organizational chart and goals, objectives, and strategies for each constituency group and donor segment.

### 5. Synchronize with the campaign.

Campuses that are in pre-, post- or active campaign mode can leave the annual fund feeling like the youngest child, forced to follow the big kid's lead. To avoid this, get a chair at the grown-ups' table: Make the annual fund's goals and objectives part of the campaign.

"Our chancellor's priority was increasing alumni participation, so Cam-

paign UCLA included goals for the level of alumni participation and the total raised for the UCLA Annual Fund," says Tracie Christensen, assistant vice provost for development for UCLA's College of Letters and Science and former annual fund director. "Our priorities were clear, and our operational plans just followed from there."

The annual fund's strategic plan spelled out steps for enhancing participation (like letting donors designate their gifts), communicating the annual fund case, and coordinating appeals during the campaign's active phase.

### 6. Take a long-term view.


To keep the long-term picture in focus, a strategic plan should build continuity. One way to do that is to plan not just for the upcoming year, but several years into the future.

"It's like driving a car," says Donald Ritzenhein, assistant vice president for annual giving and development services at Wayne State University. "If you only look at the road right in front of you, you wind up making a lot of little turns that may not always bring you closer to your destination. We're trying to look a little further down the road so we can see more of the entire journey ahead of us."

Wayne State's annual giving plan contains goals for the upcoming year and the year that follows. At the end of year one, the staff reviews the year-two goals, adjusts them if necessary, and creates new goals for year three. As a result, the staff is always aware of what's coming up and can keep the larger program context in mind.

"If we find that we're ahead of our two-year plan in donor acquisition, but behind in donor retention, we'll shift resources from year one to year two to help make sure we do a better job of retaining donors while still meeting our acquisition goal," Ritzenhein explains.

### A CONTINUING PROCESS

Annual fund directors are quick to point out that no plan is perfect—they're all works in progress. Because annual giving programs, their prospects, and the information needs of staff and volunteer leaders will continue to change, directors face a continual process of adjustment and refinement. It's OK with them, however—they're just planning ahead. 

*(Turn the page to see examples of two strategic plans.)*

# Planning Prototypes

## MCKENDREE COLLEGE

### Operating plan outline for annual giving

This outline indicates how McKendree College's annual giving strategic plan gives staff and volunteer leaders the "big picture" of the program and its goals each year.

- I. Background and Assessment
  - A. Program History
  - B. Current Scope
    1. Mission
    2. Organization
    3. Staffing
    4. Programmatic Activities
- II. Objectives for 1999-2000
  - A. Monetary Goals
  - B. Non-Monetary Goals

- III. Plans and Activities for 1999-2000 (with timeline)
  - A. Continuing Programs
  - B. New Programs
- IV. Evaluation Plan
- V. Resource Requirements for 1999-2000 (with budget table)
- VI. Summary

*For a copy of the complete annual giving strategic plan, contact Terri Andrews, Director of Annual and Corporate Giving, McKendree College, 701 College Road, Lebanon, IL 62254; or tandrews@atlas.mckendree.edu.*

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## UNIVERSITY OF SOUTHERN CALIFORNIA

### Issues and trends for annual giving

The USC annual giving staff identified the internal and external factors listed below when creating its strategic plan to finish out the university's \$2 billion "Building on Excellence" campaign, which concludes in 2002.

### Underperformance of university annual giving

- New-donor acquisition costs are increasing.
- Alumni giving patterns are inconsistent.
- The annual giving program has no consistent internal and external identity.

### Increasing importance of university rankings

- Alumni participation is a factor in national rankings.
- The USC participation rate is lower than at identified peer institutions.

### Lifestyle and technology changes

- People are less inclined to attend special events and participate as volunteers.
- People increasingly look for involvements that are customized to their particular interests.
- E-mail, the Internet, electronic fund transfer, and other technologies continue to permeate daily life.

- The volume of e-mail has exceeded regular mail.
- Increased phone number and area code changes are presenting database challenges.

### Research and analysis

- The annual giving program should continue to collect peer benchmark data as a tool for quality improvement.
- The annual giving program should increase awareness of best practices in annual giving and direct marketing.

### Relationship between annual giving and alumni relations

- Opportunities for integrated marketing exist in these two programs.
- Annual giving requires a broad base of support and personal involvement by donors, which alumni relations both requires and helps foster.
- Loyalty and commitment are our true competitive advantages.

*For a copy of the USC "Program Evaluation and Blueprint" for annual giving, contact Jennifer Houlihan, Executive Director, University Annual Giving, USC, 3375 S. Hoover St., Building H, Suite 208, Los Angeles, CA 90089-7799; or houlihan@usc.edu*

## FUND RAISING IN SHORT

### Inquiring minds want to know.

What do you consider an annual gift? Do you make in-person asks? Is your phonathon in-house or outsourced? Find out how 42 Midwestern institutions answered these and other questions during a session of the 1999 CASE District V annual conference. Robert Burdenski, author of the article at left, used hand-held electronic devices to poll session attendees and instantly compile their responses. For quick benchmarking data, download a PDF file of the results from [www.bwof.com](http://www.bwof.com). To get a print copy, e-mail [bburdenski@bwof.com](mailto:bburdenski@bwof.com).

### Annual fund alphabet.

Yeshiva University's "ABCs of Giving" makes it easy as 1-2-3 for donors to give. The publication spells out 26 facts about the campus and how it uses annual fund gifts. Descriptions include "J is for June 30," the end of the fiscal year, and "T is for tax-deductible." Some blurbs even use common Hebrew and Yiddish words that may resonate with the university's predominantly Jewish alumni. For a copy, contact Bob Saltzman, director of alumni affairs, at (212) 960-5373 or [rsaltz@ymail.yu.edu](mailto:rsaltz@ymail.yu.edu).

### Donors who deliver.

Any way you slice it, Furman University's 1997 "Great Pizza Challenge" was a clever way to encourage giving. A direct-mail piece shaped like a slice of pizza contained these instructions: "1. Call your favorite pizza parlor and find out the cost of a large, thick crust, pepperoni-and-mushroom pizza. 2. Hang up the phone and write a check to the Furman Fund for that amount. 3. Go to the pantry and be creative for dinner." The piece generated a 7 percent response rate and a \$20 average gift. For a copy (30 available), contact Furman Fund Director Phil Howard at (864) 294-3475 or [phil.howard@furman.edu](mailto:phil.howard@furman.edu).

### Don't cram for this test.

Visions of midterms probably danced in the heads of Western Maryland College alumni who found "blue books" in their mailboxes—actually the 1999-2000 annual fund appeal. Each exam booklet contained 10 true-or-false questions about the college and the annual fund, followed by the answers. Alumni could mail their responses to an extra-credit question in the enclosed gift envelope. Thank-you postcards showed the same blue-book cover, this time marked with an A+. Get the appeal and postcard by contacting Annual Giving Director Kimberly Parks at (410) 857-2299 or [kparks@wmdc.edu](mailto:kparks@wmdc.edu).