

## STEP 4:

### Choose your tactics

You've got a rural endowment-building goal. That's great. Now what tactics will you use to achieve it? Choosing the tactics that will help you achieve your goal is Step 4 in this *Framework* process.

You want to choose tactics that have three primary qualities:

- They will help you achieve your goal—that is, they actually *work!*
- They also will advance or reinforce the market position you want to establish.
- You have the capacity to carry them off. (More to come on this in *Step 5*).

### Matching tactics with donor targets

Over the last decade, community foundations in the RDP Learning Network have noted that there are 14 primary tactics that community foundations use to build rural endowment. It's the same list you saw in Step 1, namely:

- Educate professional advisors
- Exclusive events
- Community events
- Cultivate one-on-one relationships (with specific types of rural donors)
- Provide match incentive
- Pitch via direct mail
- Reach out to local media
- Ensure high-quality “basic” donor services
- Offer menu of “high touch” donor services
- Emphasize donor-advised funds
- Emphasize community and/or area funds
- Emphasize issue-oriented and/or unrestricted funds
- Emphasize agency endowments and scholarship funds
- Emphasize foundation's leadership and program delivery

These tactics are not mutually exclusive; in fact, sometimes they are better used in tandem (or tridium?) to support each other. But each can be separated out, considered and weighed individually. And each tends to be utilized better with certain donor targets than others.

# Step 4

This Step will help you think about and choose your tactics, basically answering the question: **How will we achieve our goal?** To use this section, have your rural endowment-building team follow these steps:

**a) Look first at the **Matrix of Most Effective Tactics for Reaching Rural Donor Groups**.** This matrix lists which tactics tend to be used most successfully with which donor targets, based on RDP Learning Network experience. Check the column for your goals' donor targets, and note which tactics got a checkmark.

**b) Explore the tactics.** After the matrix, you will find a two-three page summary description and discussion of each tactic. Each of these summaries details:

- Explanation of the tactic
- Best donor target(s)
- Helpful capacities (for implementing the tactic)
- Obstacles/challenges
- Pay off
- Pay-off horizon
- Gifts

Read through these brief summaries for the tactics you noted in (a). Consider which tactics you think will best suit you, your foundation's current capacities, and your market position in order to reach your goal.

Don't be constrained by the Matrix! Please review all the other tactics as well, if you are so inclined. And add any you think are missing!

**c) Choose your tactics.** Have your team come to agreement on what tactic or set of tactics you plan to use to achieve your rural endowment-building goal. Note the combination of "helpful capacities" and "challenges" each entails, *and move on to Step 5.*

**MATRIX OF MOST EFFECTIVE TACTICS FOR REACHING RURAL DONOR GROUPS**

| TACTIC                                                 | Donor Groups   |                |                   |                |                            |                |        |               |          |              |                           |            |             |        |           |
|--------------------------------------------------------|----------------|----------------|-------------------|----------------|----------------------------|----------------|--------|---------------|----------|--------------|---------------------------|------------|-------------|--------|-----------|
|                                                        | Current Donors |                | Current Residents |                | Part-time/Former Residents |                |        | Businesses    |          |              | Organizations             |            | Foundations |        |           |
|                                                        | High-wealth    | General public | High-wealth       | General public | 2nd-home owners            | Snow/sun birds | Alumni | Locally owned | Absentee | Stakeholders | Nonprofs/schools/churches | Government | National    | Family | Corporate |
| Educate professional advisors                          | ✗              |                | ✗                 |                |                            |                |        |               |          |              | ✗                         |            |             |        |           |
| Exclusive events                                       | ✗              |                | ✗                 |                | ✗                          |                |        |               |          |              |                           |            |             |        |           |
| Community events                                       |                | ✗              |                   |                | ✗                          | ✗              | ✗      | ✗             |          |              |                           |            |             |        |           |
| Cultivate one-on-one relationships                     | ✗              |                |                   |                | ✗                          |                |        |               |          |              |                           |            | ✗           | ✗      | ✗         |
| Provide match incentive                                |                | ✗              |                   |                |                            |                | ✗      | ✗             | ✗        | ✗            | ✗                         | ✗          |             | ✗      | ✗         |
| Pitch via direct mail                                  |                | ✗              |                   | ✗              |                            | ✗              | ✗      |               |          |              |                           |            |             |        |           |
| Reach out to local media                               | ✗              | ✗              |                   | ✗              |                            |                |        | ✗             |          |              |                           |            |             |        |           |
| Ensure high-quality "basic" donor services             | ✗              | ✗              | ✗                 | ✗              | ✗                          | ✗              | ✗      |               |          |              | ✗                         |            |             |        |           |
| Offer menu of "high touch" donor services              | ✗              |                | ✗                 |                |                            |                |        |               |          |              |                           |            |             | ✗      |           |
| Emphasize donor-advised funds                          |                |                | ✗                 |                | ✗                          |                |        |               |          |              |                           |            |             |        |           |
| Emphasize community and/or area funds                  |                | ✗              |                   | ✗              |                            |                |        | ✗             | ✗        | ✗            |                           | ✗          |             | ✗      |           |
| Emphasize issue-oriented and/or unrestricted funds     |                |                |                   | ✗              | ✗                          | ✗              | ✗      | ✗             | ✗        | ✗            |                           | ✗          | ✗           | ✗      | ✗         |
| Emphasize agency endowments and scholarship funds      |                |                | ✗                 |                | ✗                          |                | ✗      |               |          |              | ✗                         |            |             |        |           |
| Emphasize foundation's leadership and program delivery |                |                |                   |                |                            |                |        | ✗             | ✗        | ✗            |                           | ✗          | ✗           | ✗      |           |

## TACTIC 1: Educate professional advisors

### Explanation:

Educating professional advisors includes any one or a combination of activities or events aimed at sharing information about the community foundation—or endowed philanthropy in general—with individuals who advise potential donors on financial matters, especially will and estate planning. In rural communities, general-practice attorneys often play this role; however, financial advisors may also include accountants, financial planners and trust attorneys, bankers and funeral home directors residing in or outside the rural community. In some states and regions, financial planners have formed associations or planned giving councils (*see [www.ncpg.org](http://www.ncpg.org)*) that can provide useful tips and partners for educational activities, especially when the community foundation hopes to encourage and increase participation by offering continuing education credits.

### Best target(s):

- High wealth donors (current and prospective)
- Nonprofit organizations for agency endowments

### Helpful capacities:

- Referrals to rural-based advisors who work with rural clients on wills, bequests, trusts, etc.
- Trusting relationships with regional financial advisors who work in rural areas
- Established Leave A Legacy (*see [www.leavealegacy.org](http://www.leavealegacy.org)*) program in region
- Staff/organizational capacity to accept gifts of stock, trusts, bequests, etc.

### Obstacles/challenges:

- Identifying the advisors themselves
- Hiring or training staff on planned giving issues
- Building relationships and credibility (trust) with rural attorneys, financial planners
- Perceived issues of competition with financial planners and advisors
- Limited number and capability of rural financial advisors
- May have trouble drawing advisors to education events

## Pay off:

- *Huge* leverage point—bequests can be an even greater source of contributions in rural communities than in metro areas since wealth may be held in land or other non-cash holdings
- In rural communities, the “town lawyer” is often a respected figure who advises clients while also lending instant credibility to foundation’s mission
- Access to intellectual capital: wealth/assets held within small, rural communities are guarded—financial planners can assess a region’s fundraising potential in ways few others can

## Pay-off horizon:

Intermediate and long-term

## Gifts:

Intermediate

- Gifts might begin as non-endowed and later become endowed (either at donor’s death or during the donor’s lifetime, if donor becomes satisfied with service)
- Donor-advised and designated funds through vehicles such as charitable remainder trusts and through gifts of stock, land and other appreciated assets as well as contributions given during donor’s lifetime to avoid estate taxes or to help donor introduce family members to philanthropic giving

Long-term

- Bequests

## Examples:

- Maine Community Foundation
- The Community Foundation Serving Coastal South Carolina
- Parkersburg Area Community Foundation

## TACTIC 2: Exclusive events

### Explanation:

Community foundation joins with an individual donor/host to invite high wealth prospects to an invitation-only dinner, cocktail hour, exhibit or reception where guests mingle with one another or tour a beautiful home and at some point during the event hear some information about the community foundation, what it does and how they can become involved.

### Best target(s):

- High wealth donors (current and prospective)
- Second home owners

### Helpful capacities:

- Event planning expertise
- The right guest list: people/homes that others admire, envy or aspire to be
- Group of similarly situated high wealth individuals to invite
- The “right” individual willing to host an event
- Inspiring community foundation representative who briefly and deftly describes difficult-to-grasp ideas: endowment, community-building, etc.
- Ability to follow up event with a specific request for a gift or “the ask”
- Pre-planning: what is the goal, what is the message, who is the audience
- Helps to have a gift or challenge to announce or if a large gift can be announced

### Obstacles/challenges:

- Cost—these are not events to “skimp” on—helps if the host offers to foot the bill
- Critical mass of people to create “giving peer pressure”
- Inviting the right people, timing, etc.—events must be highly orchestrated; easy to become “just another cocktail party”
- Host and/or staff follow-up since checks are often not written until after the event
- This audience requires hands-on and professional services, so staff time must be committed

### **Pay off:**

- Introduces foundation to community's high wealth individuals through an admired friend/colleague
- Connects endowment to the "right" set of people—connects foundation to social aspirations
- Pay-off may be long-term (bequests may result from the event)
- A sense of excitement and celebration around community endowment
- Gives staff a reference point when following up on new prospects: "I met you at so-and-so's home ... "
- May lead to gifts to other community foundation funds
- More potential for contributions than the community social event (*See Tactic 3*), but pay-off usually is not immediate

### **Pay-off horizon:**

Mostly intermediate or long-term

### **Gifts:**

- Bequests (*see Tactic 1: it is wise to coordinate with professional advisors to follow up these events*)
- Depending on "theme" of event, may result in small gifts to particular community or issue-oriented funds

### **Examples:**

- The Community Foundation Serving Coastal South Carolina
- Maine Community Foundation
- New Hampshire Charitable Foundation

## TACTIC 3: Community events

### Explanation:

Community events can be similar to exclusive events, but are carried off in a more homespun and inclusive manner. Community foundations can partner with a community organization (grange, community center, civic group, grantees) to host a “come one, come all” community dinner, festival or reception. Depending on the event, the foundation can send individual invitations, publicize in local media or even sell tickets. These events allow for mingling but may also showcase community foundation grantees and include some information about the foundation and its role in the community. Most importantly, it provides an opportunity to tell people how they might get involved by giving financially or volunteering. Some foundations hold these events annually and hand out grant checks. Others use these events as traditional fundraisers—selling tickets, holding raffles, silent auctions, etc.

### Best target(s):

- General public
- Current donors
- Second home owners
- Snow/sun birds
- Alumni of the region or community
- Locally owned businesses

### Helpful capacities:

- A “hook”: something unique and place-based that will draw people—hint: the word *endowment* doesn’t do it
- Inspiring community foundation representative who is able to briefly and deftly describe difficult-to-grasp ideas: endowment, community-building, etc.
- An active force of on-the-ground volunteers to help design, invite and host
- Staff-time to coordinate invitations, facilitate volunteers and keep things moving
- Pre-planning: what is the goal, what is the message, who is the audience
- Helps to have a new challenge or match or grant recipients to announce—especially if the press is present
- FOLLOW-UP: who, when and how to follow up quickly after the event
- If new to region, consider co-hosting with established community group



### Obstacles/challenges:

- Cost—must decide whether to charge admission or choose other methods to cover costs
- Must walk line between celebratory and fundraising—this group may not be used to the “cocktail party *ask*”
- The impact of these events can be varied: the diversity of participants may lead to diverse requests. Prospective donors, grantees, the press, local government each may ask for follow-up
- Invitation list is critical—look for mix of people, but be aware, grant *seekers* are the most likely to show up

### Pay off:

- Events help affirm foundation’s commitment to specific region
- Offer the chance to mix social groups and give face to philanthropy
- These events say: “Everyone can be a philanthropist”
- Celebrate nonprofits and help remind people of the NPs contribution to communities—could help increase donation to showcased NPs
- Potential for sparking people’s desire help with fundraising and community-building cause
- Good public relations and positive press
- Can lead to new community foundation volunteers
- Lower potential for gifts
- *Community Building!*

### Pay-off horizon:

Immediate and long-term

### Gifts:

- Depending on “theme” of event, may result in small gifts from both individuals and businesses to particular community or issue-oriented funds
- Bequests (*see “Educate Financial Advisors,” as it is wise to coordinate with professional advisors to follow up these events*)

### Examples:

- Montana Community Foundation
- Maine Community Foundation
- New Mexico Community Foundation

## TACTIC 4: Cultivate one-on-one relationships

### Explanation:

This tactic is pretty self-explanatory, but still sounds simpler than it is. Trust, credibility and personal comfort are the keys to successfully building any relationship—whether with an individual or an institution. One-on-one relationships with individual donors, prospective donors and foundation officers require preparation, administrative support, follow-through and schmoozing to sustain positive feelings and credibility between that individual and the community foundation, as an institution.

Many foundations bolster these relationships by remembering donor birthdays, sending personal notes, providing customized research on a donor's charitable passion. Foundations with large enough staffs also "assign" a staff member to be the point of contact for the donor. Often, the president/CEO is the main relationship-builder for the foundation. Regardless, "data" regarding donor interests, family members and personal likes and dislikes must be assembled and constantly updated. Relationships must also be cultivated through consistent contact—which may be a challenge when donors are spread far and wide across a rural region or when donors summer or winter elsewhere.

Relationships with national, private and corporate foundations are often initiated by that national, private and corporate foundation itself. Or, in some cases, a foundation's known role as a community leader and a successful deliverer of programs leads to national, private or corporate foundation interest (*See Tactic 14*). Nevertheless, it is incumbent upon the *community foundation* to maintain this relationship over time by applying similar attention to preparation, administrative support and follow-through that it would provide to individual donors.

### Best target(s):

- High wealth individuals
- Second home owners or snow/sun birds
- National, family and corporate foundations

### Helpful capacities:

- Relationships with "gatekeepers"—someone whom the donor or foundation program officer trusts that introduces staff or board members to the donor
- Organizational (often technological) capacity to track key information about relationships (from birthdays to spouse's name to fund balances)

# Step 4

## Tactic 4

- Referrals to prospective donors as well as foundation staff
- Staff and board member time to initiate and, more importantly, to follow up on meetings
- Staff and board members with highly tuned interpersonal skills and manners
- Ability and inclination to “make the ask” at the right time for the right amount

### **Obstacles/challenges:**

- Relationships are always labor intensive; these relationships often revolve around delicate family, financial and other personal matters; must protect privacy of donors through systems that ensure confidentiality
- This tactic can require a high level of “back-office” support to make the relationship appear as effortless and unforced as possible
- Changes in staff can affect these relationships—efforts should be made to ensure that the trust and credibility is built for both the community foundation *and* the individual staff members who come and go

### **Pay off:**

This is absolutely the most effective method of building endowed assets—immediately and over time as the relationship with the individual donor or institution matures

### **Pay-off horizon:**

Immediate and long-term

### **Gifts:**

- Immediate gifts establishing or contributing to the range of funds, as well as bequests
- Foundations often provide pass-through grants and operating support for specific initiatives as well as matching funds to encourage local endowment building

### **Examples:**

All foundations

## TACTIC 5: Provide match incentive

### Explanation:

A challenge grant or “match” involves using a portion of existing funds as an incentive for others to give. Prospective donors are encouraged to give because their gifts will be “matched” at a certain level by another donor or fund. For example, community members might be asked to give because every dollar they give will be matched 1-1 allowing that donor, in effect, to “double their money.” The match can be offered at 50 cents on the dollar, \$2 for every dollar raised, etc.

### Best target(s):

- General public
- High wealth individuals
- Alumni of community or region
- Locally owned, absentee and stakeholder businesses
- Nonprofits and government
- Family and corporate foundations

### Helpful capacities:

- Ability to re-direct existing funds
- Individual donor or private foundation gift
- Corporate gift
- Ability to implement a campaign-like strategy to raise endowment
- Financial and administrative capacities to manage the gifts and the match

### Obstacles/challenges:

- Finding matching funds
- Setting appropriate match
- Developing an effective campaign message—“endowment for what?”

### Pay off:

- Brings urgency to what is often a long-term process
- Allows individual gifts to become more substantial which is important when raising large sums for endowment—since only five percent will be immediately apparent
- Offers fundraisers a vehicle for approaching a potential donor

- Can be combined with another tactic to make it more urgent, inclusive or successful
- Offers structure for involving corporate or foundation giving in building community endowments
- Can be useful in kick-starting fundraising campaign

### **Pay-off horizon:**

Immediate

### **Gifts:**

- Small and large gifts from both individuals and businesses to particular community or issue-oriented funds and scholarships
- Agency endowments (when nonprofits are offered matching funds to establish an agency endowment)
- Operating endowment for the community foundation itself

### **Examples:**

- Montana Community Foundation
- Maine Community Foundation
- Northwest Arkansas Foundation
- Kenya Community Development Foundation

## TACTIC 6: Pitch via direct mail

### Explanation:

More often than not, direct mail is used to reach the broadest possible audience, but with a narrower message. Depending on the community foundation's ability to develop mailing lists and to cover postage expense, direct mail could include personally addressed letters describing a particular field of interest fund or community/area fund and a return envelope, or it might be an insert in the region's newspaper or even in utility bills. The method casts a wide net and focuses on communicating the "short and sweet" of the community foundation to the community.

### Best target(s):

- General public
- Snow/sun birds
- Alumni of community or region

### Helpful capacities:

- Funds (often area or unrestricted funds) suited to accepting and pooling multiple small contributions
- In some cases, community leaders to write the letter *on behalf* of the community foundation
- Committee or staff willingness to help create and keep current mailing list, sign appeal letters and add personal notes
- Technology to manage and update mailing database
- Staff time to manage process and accept/acknowledge/track numerous, small contributions

### Obstacles/challenges:

- Volunteers may be averse to sending/signing appeal letters to friends/family
- May give the impression of competing with smaller nonprofits annual appeals
- Costs of staff time and mailing expenses
- Broad, not deep impact—not traditional community foundation approach since more difficult for letter to sell "endowment" than, say, a new church steeple or playground

### **Pay off:**

- Good way to blanket a region and build awareness of community foundation
- Gives every level of donor a chance to contribute and become part of the community foundation “family”
- Donors may “try out” giving through relative anonymity of appeal envelope and later give more or add community foundation to will
- Good way to ease a volunteer committee into fundraising
- Great way to reach goal of increasing *numbers* of gifts especially for fund that has had corporate or “angel donors”

### **Pay-off horizon:**

Immediate

### **Gifts:**

- Small and large gifts from both individuals and businesses to particular community or issue-oriented funds and scholarships (and sometimes operating endowment)
- Gifts to agency endowments (when nonprofits with agency endowments join in appeal)

## TACTIC 7: Reach out to local media

### Explanation:

Community foundations initiate a range of activities to develop public awareness of the existence and role of the community foundation through contacts and relationships with local media. This is less direct than other endowment-building tactics in that the immediate goal is to raise a positive profile of the foundation in the community in ways that will then lead to gifts.

Rural media may include daily, weekly and monthly newspapers, locally owned, private radio and television stations, community radio and public television stations, regional magazines as well as community websites. Many community foundations begin by having lunch or a meeting with editors, programmers and web designers to raise that individual's awareness of the community foundation and, hopefully, ensure coverage of the foundation's newsworthy events. Some community foundations sponsor shows or time slots on community and public radio and television as one method of advertising. Still others actively seek opportunities to appear on local radio and television shows to help the region match a "face/voice" with the community foundation. As community foundations raise their profile and/or make grants on specific issues, some are asked by the media to appear or comment on community issues as they arise.

### Best target(s):

- General public (current and prospective donors)
- Locally owned businesses

### Helpful capacities:

- Something to point at, such as successful grants or gifts to endowment
- A media kit is extremely useful—it should contain your consistent and concise message along with some "real life" stories, profiles of key staff, board members, donors and grantees as well as a media-friendly description of how to give
- Willingness to meet local reporters on their own (sometimes distant) turf
- Openness to press presence in grantmaking, committee meetings, etc.
- Local volunteers and staff willing to follow-up



### **Obstacles/challenges:**

- Challenge of getting message out through intermediary—point may be missed, names may be misspelled, etc.
- What the community foundation considers newsworthy may not match what an editor believes—this is where relationships with staff writers, editors, etc., can influence coverage
- Donors and/or board may want foundation to stay behind the scenes and more low-key—may be seen as self-promoting
- There is always risk that press may not be flattering
- Takes staff and volunteer time, travel and persistence

### **Pay off:**

- Good way to get message out and build awareness—particularly among local government and other local players
- Shows relevance and impact of community foundation in local community
- Local press tend to know everyone and everything—this is a good network for community foundation to develop for grantmaking and development
- Consistent, objective appearances in local press can introduce the community foundation to donors who never would have been found otherwise—a good way to find “angel donors”

### **Pay-off horizon:**

Long-term

### **Gifts:**

Depends on focus of media coverage, might include contributions to area, unrestricted or issue-oriented pooled funds as well as establishment of donor advised, designated and scholarship funds

### **Examples:**

- Nebraska Community Foundation

## TACTIC 8: Ensure high quality “basic” donor services

### Explanation:

Basic donor services include those activities and systems offered to all donors. While services may differ somewhat depending upon whether a donor is one of many givers to a pooled fund or is the sole establisher of a fund, some basic donor services are offered to every contributor regardless of the size of their gifts.

To ensure basic donor services, community foundation boards ratify policies to assure donors that gifts can be effectively and legally accepted. Systems are then established that respond automatically each time the community foundation receives a new gift.

Basic donor services include:

- Donors receive detailed, but straightforward information about community foundation’s mission, procedures and policies as well as donor responsibilities
- Gifts are acknowledged promptly
- Gifts of cash (or sale of stock or other non-cash gifts occurs) are deposited promptly
- Community foundation’s status as a public charity under federal tax laws (allowing donors maximum deductibility for income, gift and estate tax purposes) is kept current
- Gifts are directed to the appropriate foundation fund(s)
- Funds are accepted under board-approved and shared gift acceptance policy
- Funds are invested under board-approved and shared investment policy
- Fund statements are accurate and distributed on a timely basis
- Fund balances are available to fund advisors upon request
- All grantmaking is carried out according to the foundation’s mission and board policies
- Credible financial accounting and audits, overseen by board and independent auditor
- Community foundation has capacity to accept non-cash gifts and to work with financial advisors and accept planned gifts
- Friendly and courteous staff or volunteers are available at prescribed times to answer questions and address concerns
- Inclusion in community foundation’s basic communications materials: newsletters, annual reports, on-line materials

### Best target(s):

All donors

### Helpful capacities:

- Staff and/or volunteer financial and legal capacity to establish financial systems and policies and to carry out complex financial transactions
- Technology (hardware, software and training) to support systems and policies
- Shared commitment of all staff (regardless of function) to achieving 100 percent success in providing all donors with basic donor services
- Methods for tracking and addressing donor satisfaction, complaints and “supplemental gifts.” These methods can be as simple as a spreadsheet or donor list with someone assigned to track new gifts to existing funds or as formal as an annual donor survey of leading indicators of satisfaction.

### Obstacles/challenges:

- Depending on the size of the foundation (number of staff, number of donors), basic donor services can be more or less taxing—sudden growth in the foundation’s assets sometimes leads to deterioration of donor services
- Basic donor services are often taken for granted by both donor and staff—it takes discipline to maintain the more rudimentary systems and procedures
- Tracking donor satisfaction can be challenging; however, it is a good use of foundation resources to invest in tracking donor satisfaction; just tracking donor dissatisfaction (through complaint logs) is not sufficient

### Pay off:

- Most foundations find that the majority of annual gifts comes from *existing* donors—*treat your current customers well and they will continue to give*
- Surprise gifts! More sizeable bequests often come from donors who make small gifts during their lifetime, but grow to trust the community foundation over time

### Pay-off horizon:

Immediate and long-term

### Gifts:

All funds

### Examples:

- The Community Foundation Serving Coastal South Carolina

## TACTIC 9: Offer menu of “high-touch” donor services

### Explanation:

High-touch donor services supplement basic donor services for a select group of either current or potential high-wealth donors on whom the foundation will bestow more frequent contact as well as special services, appreciation and rewards. The word *menu* above is key to this tactic, in that the donor selects discreet services offered by the foundation that can be *customized* for that donor. By providing a menu for the range of services a donor of significant means might expect, the community foundation can both impress the donor *and* prevent the community foundation from over-extending itself with a blank statement of “whatever the donor wants, we can do...”

High-touch donor services are most often offered at a designated threshold of giving—for example, donors of \$25,000 and above receive a certain level of services, donors of \$100,000 receive others. Some foundations also offer a range of special services to donors who are board members, donors who give significantly to the foundation’s operating endowment, or annual fund, or donors who give significantly to the foundation’s unrestricted funds. Becoming specific about high-touch donor services can help the foundation place a price tag on each of them—allowing the foundation to choose at what threshold of contribution it will become cost effective to provide them.

As a starting point, the community foundation might meet with a select group of existing high-wealth donors or board members to explore the types of *ad hoc* services these stakeholders have or would like to have offered. Most often, the menu of “high touch” donor services include the following:

- Key contact—a designated staff member assigned to donor and fund
- Upon request, nonprofit research, advice and site visits provided by professional program staff
- Group activities (site visits, dinners, discussion groups, presentations) with other donors and/or nonprofit leaders with similar interests
- When appropriate, referrals of grant applications or nonprofit programs that match donor’s specified interests
- Regular luncheons or meetings with development or executive staff to discuss philanthropic ideas and satisfaction with community foundation services
- Diverse investment options
- A sliding scale of fees—i.e., the larger the fund, the lower the annual fees

### **Best target(s):**

- Current high-wealth donors
- Prospective high-wealth donors
- Family foundations

### **Helpful capacities:**

- Staffing—the type of services promised can be extremely staff-intensive even when only a small number of donors are involved
- Entire organization is donor-service oriented—particularly at donor points of contact
- Ability to judge realistically the current, imminent and long-term growth and capacity of the organization—in other words, donors who receive certain services at the start will always expect them, so be sure you can provide 10 donors with the same level of services you will someday need to provide 50-100 donors
- The ability to say “no” to certain donor requests—for ethical and legal reasons, obviously, but also when such requests threaten the financial sustainability of the organization; high-touch services should bring in considerably more money than they cost to provide
- *More and variation:* capacities depend on the services the foundation chooses to offer

### **Obstacles/challenges:**

- Sudden growth in number or demand of “high-touch” donors can lead to imbalance between cost of services and size of gifts/fees
- The benefits of providing high-touch services can be great, but it is critical that *basic donor services* are flawless before high-touch services are attempted—nothing is worse than having an error-ridden fund statement arrive the same day as an invitation to a high-touch donor luncheon
- Donors may not necessarily link the special, customized services with the community foundation’s efforts to develop additional gifts. With existing donors, the “ask” (and for these donors, an even more carefully crafted “ask”) is just as important as it was during initial meetings

### **Pay off:**

Again, existing donors are your best source for additional funds and high touch-donor services target the donors who are best situated to give more.

This is the most direct approach to increasing endowment—these are individuals who already know and love you: you simply need to deepen your bonds.

**Pay-off horizon:**

Immediate and long-term

**Gifts:**

- To existing endowments
- Also, to special issue funds, unrestricted and operating funds (keep in mind though, that donors may choose to transfer funds from existing advised funds to the new fund, resulting in no net gain for the foundation's total assets)

**Examples:**

- Humboldt Area Foundation
- Maine Community Foundation

## TACTIC 10: Emphasize donor-advised funds

### Explanation:

Before meeting with a the community foundation, a donor may already have a well-formed understanding of his or her philanthropic interests and perhaps even the type of fund he or she will establish. Nevertheless, certain donors and circumstances within the foundation (*e.g.*, a donor services positioning) can lead to an advised fund appeal more than another. Advised funds have many benefits. On the recipient side, advised funding (of varying amounts) for rural community economic development can fill in the gaps (especially in long-term core operating support) unfilled by foundation's discretionary and pass-through funding or government grants. On the donor side, advised grantmaking can deepen and impassion the donors' understanding of community economic development efforts taking place within a community.

When deciding whether to appeal to a donor to establish advised funds, several questions can help:

#### Donor identity

- Is *this* donor a single individual or couple with definite charitable recipients in mind?
- Is the donor a real "hands-on" individual?
- Is this a donor of significant means that is choosing between the community foundation and establishing his or her own private foundation?

#### Foundation goals

- Does the donor's philanthropic interests specifically meet an area of the community that the foundation would like to see supported but for which discretionary funds are not appropriate?
- Does the foundation lack donor advised funds—is this an area of growth it would like to encourage?
- Are donor advised funds (of any size?) the most cost effective type of fund for the foundation? Would this donor's fund represent not only an increase in gross assets, but also increased fees to cover other services?

#### Nonprofit activity

- Are there high quality rural CED projects or programs in place that can be highlighted during a donor appeal? Or that uniquely match the donor's interests?

- Are CED nonprofits looking to broaden their funding base to include local individual donors? Are they willing to allow the donor to participate in site visits and ask questions?

### **Best target(s):**

- High-wealth individuals
- General public

### **Helpful capacities:**

- Capacity to provide basic, and in some cases high-touch, donor services to ensure that a donor trusts that s/he will receive high quality services
- Ability of development officer (or whomever is working with the donor) to understand how donor advised funds “work”—the legal and tax codes which govern advised funds and the due diligence that the foundation would provide
- Ability of development officer (or whomever is working with the donor) to discover the donor’s philanthropic passions and/or explore ways those passions might correspond to rural community economic development
- In-depth knowledge and relationships with the rural CED practitioners in the donors’ region. Ability to immediately demonstrate foundation’s value as a matchmaker between the donor’s fund and activities taking place in his or her region

### **Obstacles/challenges:**

- Advised funds are most often the result of a series of one-on-one meetings with the donor him or herself or with financial advisors; a foundation must have the time to commit to this type of prospect relationship
- Donors interested in advised funds do often come to the foundation (or to their financial planner) with a set idea of what they would like their fund to support—introducing the donor to anti-poverty and other CED grantmaking can be difficult and time consuming
- Foundation must have the knowledge and capacity to immediately connect the donor to a CED project or a rural community that will meet his or her philanthropic interests. This often requires the development officer (or whomever is working with the donor) to work with or even bring along program staff that can speak more directly of the rural CED work being done in the region. The foundation should have systems in place that allow for and reward program and development staff sharing what they know and working as a team to provide the donor with the best and most timely information.



**Pay off:**

- Since these funds are the most customized, they are often considered easier to raise; by focusing on building endowed advised funds, a foundation can more quickly grow assets from which operating funds can be earned, leading to greater financial stability
- Flexible funds for community economic development and assets for the foundation
- Makes connection among community economic development projects and individuals of wealth. Advised funds might provide the long-term core operating support that most foundations are unable to fund.
- Allows community foundations to facilitate individual philanthropy in ways that highlight the “value added” by community foundations in comparison to other charitable giving
- Engaging donors in community economic development may excite them to become active and give more

**Pay-off horizon:**

Immediate and long-term

**Gifts:**

Advised funds

**Examples:**

- The Community Foundation Serving Coastal South Carolina
- Community Foundation for the New River Valley

## TACTIC 11: Emphasize community and/or area funds

### Explanation:

Before meeting with the community foundation, a donor may already have a well-formed understanding of his or her philanthropic interests and perhaps even the type of fund he or she will establish. Nevertheless, certain donors and circumstances within the foundation can lend themselves to a community or area fund appeal.

Community or area funds have great benefits. Gifts to these funds are pooled—so even a donor with limited means can be sure that his or her funds will have an impact on the community. These funds are also just as appropriate for high-wealth donors. Most area funds involve residents of the community or region in the grantmaking and other public activities associated with the fund. This ensures that the fund will reflect and respond to the needs or character of the community, both now and in the future. For donors who reside elsewhere or who want to remain anonymous, this ensures that their gifts have a positive impact without requiring the donor to step into the limelight.

In some cases, donors whose gifts help to establish or significantly increase community or area funds serve a term on that fund's advisory committee—with or without the rest of committee knowing his or her role as benefactor. In other cases, donors considering gifts to a community or area fund are invited to sit in on a committee meeting once or twice as a non-voting member, to get a feel for the process. In most cases, the experience deepens the donor's connection with his or her community and solidifies their commitment to philanthropy. In still other cases, donors establishing advised funds are encouraged to place a percentage of their grant dollars in their region's community or area fund at the time the advised fund is established or on an annual basis.

When deciding whether to approach donors to establish or contribute to community/area funds, several questions can help:

### Donor identity

- Does the donor have a passionate sense of place and connection to a region or community?
- Does the donor have a broad interest in community well-being, rather than a couple of favorite nonprofits?
- Will the donor wish to remain anonymous?
- Does the donor enjoy collaborative decision making?

### Foundation goals

- Does the foundation have the capacity and the commitment to construct and manage multiple local grantmaking committees—from the actual grantmaking process to publicity to application review to grant awards?
- Will the community or area fund be large enough to award grants that will be significant to the community? An exact figure will vary depending on the community, but \$500-\$1,000 per grant (from minimum of \$10,000–\$20,000 endowment) might be a good goal.
- Does the foundation lack area funds—is this an area of growth it would like to encourage?
- Are area funds the most cost effective type of fund for the foundation?

### Nonprofit activity

- Are there high quality rural CED projects or programs in place or in development that would benefit from a community or area fund?

### **Best target(s):**

- High wealth donors (as establishers or significant annual givers to the fund)
- General public
- Locally owned, absentee and stakeholder businesses
- Government
- Family foundations

### **Helpful capacities:\***

- Lead gifts or matching gift to spur local giving
- Significant operational, staff and financial capacity to construct, manage and grow these funds—including planned giving and non-cash gift acceptance expertise, which are how these funds will eventually take off
- Trust and established relationships with general public, financial planners and other “gatekeepers” in the regions where these funds will be established
- Commitment to subsidize the development and management of these funds for first several to many years—most funds will not render fees capable of covering expenses until bequests begin being realized
- Experience or ability to learn to develop and train multi-talented grassroots advisory committees to award grants, raise funds and represent the foundation locally

*\*See **Covering Rural Territory: Area Funds** for more detailed discussion.*

## Obstacles/challenges:\*

- Major challenge of convincing general public to contribute to an “endowment”— familiarity with language and practice of endowed philanthropy can not be assumed
- Grassroots fundraising (many gifts toward one fund) is labor intensive and time consuming
- Developing and maintaining local relationships from a distant headquarters
- Public knowledge of the fund requires extremely high quality and credible grantmaking, fundraising and investment procedures and practices

\* See *Covering Rural Territory: Area Funds* for more detailed discussion.

## Pay off:

- *Community Building!*
- Teach “philanthropy” on the local level
- Public knowledge of the fund is a standing “advertisement” for the community foundation and often leads to future giving not only to the community fund, but through other fund structures as well
- Fund is responsive to community needs in ways most other funds are not

## Pay-off horizon:

Immediate and long-term (although mostly long-term)

## Gifts:

Gifts (large and small) directed toward pooled community/area funds. “The single fund, many donors” approach.

## Examples:

- Montana Community Foundation
- East Tennessee Foundation
- Arizona Community Foundation
- Maine Community Foundation

## TACTIC 12: Emphasize issue-oriented and unrestricted funds

### Explanation:

Before meeting with a community foundation, donors may already have a well-formed understanding of their philanthropic interests and perhaps even the type of fund they will establish. Nevertheless, certain donors and circumstances within the foundation can lend themselves to either a *contribution to* or *establishment of* an issue-oriented or unrestricted fund appeal.

Issue-oriented and unrestricted funds have many obvious benefits. Gifts to these funds are pooled—so even a donor with limited means can be sure that his or her funds will have an impact on the community or within an issue area about which the donor particularly cares. In many cases, board members or a committee of issue experts advise the grantmaking and other public activities associated with an issue-oriented or unrestricted fund. This ensures that the fund will reflect and respond to the best practices associated with an issue or with the general needs of the community, now and in the future. For donors who reside elsewhere or who want to remain anonymous, advisory committees do not require the donor to step into the spotlight.

Many community foundations encourage or even require donors that establish advised funds to place a percentage of their grant dollars in the foundation's unrestricted funds. When developing an issue-oriented fund, especially as part of a privately funded initiative, most community foundations call first upon their advised fund donors—another reason why community foundations with systems for documenting donor interests are at a distinct advantage when developing issue-oriented funds.

When deciding whether to appeal to donors to contribute to issue-oriented and unrestricted funds, several questions can help:

#### Donor identity

- For issue-oriented funds, does the donor share a passion for the particular issue *and* for the approach the fund will take to the issue?
- Can the donor be convinced that the issue-oriented fund or unrestricted fund can do things (achieve impacts) that his or her advised grantmaking might not?
- Does the donor have a broad interest in community well-being, rather than that of his or her favorite nonprofits?
- Does the donor have a passion for the *community foundation* itself?

### Foundation goals

- For issue-oriented funds, does the foundation have the capacity, the commitment and the credibility to be a *leader* on the issue for which gifts are requested?
- Does the foundation (mainly, the board) have the capacity and the knowledge to design and implement an unrestricted grantmaking process from publicity to application review to grant awards to self-evaluation?
- Realizing the capacity issues involved with issue-oriented and unrestricted funds, are these funds the most cost-effective for the foundation?

### Nonprofit activity

- Are there high quality rural community economic development projects or programs in place that would benefit from unrestricted or issue-oriented *endowed* funds? Can you have them help you make the case to donors?
- Will the foundation need to build the capacity of the nonprofit community itself so they are eligible and able to receive grants? How much time and resources would this require?

### **Best target(s):**

- General public
- Second-home owners
- Snow/sun birds
- Alumni of community or region
- Locally owned, absentee and stakeholder businesses
- Government
- National, family and corporate foundations

### **Helpful capacities:**

- For both issue-oriented and unrestricted fundraising, the *community foundation* must have knowledge and credibility in community and nonprofit development
- Obviously, for issue-oriented funds, staff or consultants must have understanding of the topic and must be able to state specific role the community foundation will play in advancing the field
- When an issue could spur controversy among donors or other stakeholders, the community foundation should have well-articulated reasons why the issue is central to its mission and community
- Likewise, when seeking gifts to an unrestricted fund, prior and future grants from this fund must also be based upon a shared grantmaking philosophy and policy

- Fundraising staff must be trained and prepared to make a case for unrestricted and issue-oriented funds—these are typically much more difficult funds to raise than advised or designated or scholarship funds
- Program staff and/or board should also be prepared to allow potential or existing donors to participate in appropriate ways with grantmaking—from site visits to sitting in on grant review meetings to actually participating in grant review
- A group of existing donors about whom you are knowledgeable and from whom you already have respect and trust—because these individuals are your most likely donors to issue-oriented and unrestricted funds

### **Obstacles/challenges:**

- Again, these can be the most difficult endowments to build because donors' gifts are pooled and involvement in decision making is relinquished
- Without the expertise and credibility as a grantmaker or as a specialist in the particular issue, it is difficult to “gain audience” with potential donors
- Because the funds are endowed, they must be very large to create an annual grantmaking budget that will appear to be satisfactory to address the issues at stake
- To realize the benefits of having issue-oriented and unrestricted funds, the organization must have systems in place that will help it learn from and improve its grantmaking over time—otherwise, these funds are no more beneficial (yet much more expensive) than advised funds

### **Pay off:**

- *Community Building!*
- These funds help the community foundation gain a real foothold in their regions—allowing the foundation to be a “player” in community development in ways that donor advised funds do not
- These funds allow great opportunities for publicity—bringing positive attention to the foundation and alerting potential donors to the community foundation as an alternative to establishing a private foundation or using a for-profit charitable gift fund
- Unrestricted and issue-oriented funds are tremendous vehicles for the community foundation itself (staff and board) to become more knowledgeable about its region and its needs/assets—many foundations consider these funds the “R&D” element of their organizations

### **Pay-off horizon:**

Immediate and long-term (often, advised assets become unrestricted or are transferred to issue-oriented funds following the advisor's death)

### **Gifts:**

Issue-oriented and unrestricted gifts (large and small) most often pooled in single funds

### **Examples:**

- Humboldt Area Foundation—issue funds
- Maine Community Foundation—county funds
- Foundation Northwest—unrestricted funds
- Wyoming Community Foundation—issue funds



## TACTIC 13: Emphasize agency endowments and scholarship funds

### Explanation:

Before meeting with a community foundation, donors may already have a well-formed understanding of their philanthropic interests and perhaps even the type of fund they will establish. Nevertheless, certain donors lend themselves to a designated or scholarship appeal more than others.

For example, designated funds are an obvious choice for donors who have been lifelong members of a church or who have worked tirelessly as a volunteer for a nonprofit or school. Designated funds (and scholarships) are often initiated at the donor's death—through estate planning performed later in the donor's life. Designated funds are also often created through living trust agreements like a charitable remainder trust.

Some foundations decide to target nonprofits to convince them to house their endowments with the community foundation as an explicit endowment-building strategy. As a caution, designated agency funds transferred or established by a nonprofit board can be fraught with tensions at the onset or years later. The nonprofit's board may question the community foundation's "ownership" of the fund and may also resist restrictions against dipping into principal. To avoid some of these issues, designated funds must be established with a clear, contractual understanding of how the fund will operate now, in the future *or* in the event that the beneficiary someday ceases to exist.

Foundations often work with schools or colleges to develop funds that function as scholarships, but are awarded and managed as a fund designated for that school or college and then re-granted to the winning students. Scholarships are often *the* philanthropic vehicle that prospective donors have in mind when they approach a community foundation. Scholarships, especially in rural and poor regions can offer a sound approach to community economic development.

Scholarships can be structured in a number of ways—some very labor intensive and others less so. It helps to have educational data available for donors to consider, such as: the *cost* of higher education (will a \$100 annual scholarship *really* help anyone?); the number of students in your region seeking higher education and the types of schools they are attending; the number of non-traditional students or worker re-training needs of the community; as well as alternative options like summer camp scholarships or a musical instrument fund for low-income students. Often college scholarship funds are the only type of endowed philanthropy with which first-time donors have experience.

Community foundations are in a position to help donors understand the range of philanthropic giving that might achieve his or her goals.

For designated and scholarship funds, the community foundation must take into account its capacity to administer them *before* choosing to emphasize them with prospective donors or market them to nonprofits.

### **Best target(s):**

- Aging high-wealth donors in process of estate planning
- Financial advisors
- Nonprofits, schools, churches
- General public
- Alumni of community or region
- Government

### **Helpful capacities:**

- Capacity to provide basic, and in some cases high-touch donor services to ensure that a donor or nonprofit board trusts that s/he receive high quality services
- Ability of development officer (or whomever is working with the donor) understand how designated and scholarship funds “work” or could work to achieve RDP goals—i.e., the legal and tax codes which govern these funds (especially planned gifts and corporate and family scholarships)
- Capacity to construct and manage a scholarship program that will undoubtedly expand over time—including relationships with high school guidance and post secondary education communities

### **Obstacles/challenges:**

- Financial advisors can be the most efficient route to designated and scholarship donors—if the foundation does not have an established relationship with rural financial planners, these funds will be that much more difficult to build
- Scholarships can be either labor intensive and costly or be streamlined and cost-effective; model programs at the New Hampshire Charitable Foundation and the Maine Community Foundation can offer insight on this subject
- Nonprofit boards, particularly in rural communities, are notoriously difficult to work with—especially if their endowment is seen as being transferred to the foundation’s “urban” headquarters

**Pay off:**

- These funds help the community foundation gain a visible foothold in their regions—nonprofit boards, school administrators, students and parents will see the foundation as a vehicle for nonprofit stability and educational achievement in the region
- These funds allow great opportunities for publicity—bringing positive attention to the foundation and alerting potential donors to the community foundation as an alternative to establishing a private foundation or using a for-profit charitable gift fund

**Pay-off horizon:**

Immediate and long-term

**Gifts:**

Designated and scholarship funds

**Examples:**

- Northwest Arkansas Community Foundation
- New Hampshire Charitable Foundation
- The Foundation for Appalachian Ohio

## **TACTIC 14:**

### **Emphasize community leadership and program delivery**

#### **Explanation:**

To one degree or another, all community foundations emphasize to donors their role as community leaders and program deliverers—it is the foundations' niche after all. With some donors, however, the community foundation will undoubtedly emphasize its ability to allow for donor control, with others the foundation's ability to invest the funds cautiously. In certain cases, though, the role of the foundation as a leader and high quality service provider will be *the* most effective appeal. A documented history of well-run, well-evaluated programs or initiatives will help make this case, as will a list of satisfied "customers" or references (from donors, to nonprofit leaders to public figures).

Most often, the target for this type of appeal is an organization that operates one level over or above the community foundation's region—a state or federal government agency, a national foundation or a private family foundation or corporate foundation located elsewhere, but with ties to your region. Stakeholder businesses (businesses that derive natural resources from your region, but operate elsewhere) are also a fine target for this type of pitch. The basic idea is that the community foundation is structured to do things with its philanthropic resources that the funder cannot do as effectively on its own.

#### **Best target(s):**

- General public
- National, family and corporate foundations
- Locally owned, absentee and stakeholder businesses
- Government

#### **Helpful capacities:**

- One-on-one relationships with foundation staff and/or leadership; most would advise community foundations not to approach large national foundations unless these relationships are in place
- Ability to explain how the community foundation defines key terms like community, leadership, community development
- Systems and/or structure to be used to deliver programs
- Communications strategy that will share foundation's leadership and successful program delivery with the public

- In most cases, appeals to these targets require writing grants—so grantwriting and monitoring skills are a must. This is especially true of government grants which while relatively rare in the community foundation world, do happen. A word of caution: Government grants have restrictions and reporting requirements, so “buyer beware.”
- Capacity to continually document and discuss leadership and program delivery successes and even instances of failure from which the foundation learned

### **Obstacles/challenges:**

- Penetrating the general public’s lack of awareness of the community foundation, philanthropy in general and community economic development
- Again, grantwriting *and receiving* can be a full-time job—capacity to do this while managing other work of a community foundation can be staff- and resource-intensive

### **Pay off:**

- Attracts resources to the community foundation for the role most related to its mission—and forces community foundation to articulate its leadership and program delivery expertise (a useful step in any marketing plan)
- For rural communities where high wealth individual giving may be limited, foundation grants can fill the gaps or provide matching funds that prove crucial to the community foundation’s early years as well as long-term success
- Other foundations choosing to house funds within the community foundation can be seen as a “seal of approval” by local constituents, resulting in more local giving

### **Pay-off horizon:**

Immediate

### **Gifts:**

- Pass-through or matching funds
- Private foundation gifts through specific initiatives

### **Examples:**

- West Central Initiative
- New Mexico Community Foundation
- Humboldt Area Foundation
- Foundation for Appalachian Ohio