

2008

Strategic Plan and Fundraising Process

Initial Proposal

This document will identify the process and deliverables that will be provided to the Chamber of Commerce during the pre-planning and on-site Board of Director Strategic Planning Retreat and the second phase Capital Campaign Planning Study.

Chamber of Commerce



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STRATEGIC PLANNING/BOARD RETREAT

STRATEGIC PLANNING OVERVIEW

Many organizations have detailed and comprehensive Strategic Plans that often sit on a shelf and gather dust while the business of running the day to day operation continues. **OpX Group** has a fresh, new and innovative way to leverage the best teachings from the Operational Excellence (OpX) methodology so that your Strategic Plan will become a living document that guides the work of all employees resulting in higher goal achievement and financial gain.

Using our process, we will guide your Board of Directors and Chamber staff through a set of focused and compelling activities which will result in:

- A clear and comprehensive Vision and Mission that is shared by every member of the team and which will form the foundation for decision-making going forward.
- One to Two year Strategic Goals for every aspect of the business that will allow for focused expenditure of time, energy and money.
- A Strategic Plan document that can be used to train and indoctrinate new members to the organization and clearly highlights expected performance against goals that directly relate to the strategic direction of the organization.
- A process that is built to be reviewed and updated on a regular basis to ensure a flexible response to any changes in market, environmental or other conditions.
- A Strategic Plan focused on action, not inaction and is built around what it is possible to achieve as an organization, not just maintaining the status quo.

It is proven that Strategic Planning with any organization should be facilitated by a third-party who does not have a material interest in the organization itself. Using a third-party ensures that the process is objective and grounded in the breadth of possibilities, not constrained by historical perspectives and interests that are more individual than global in nature.

OpX Group has over 20 years of experience in conducting Strategic Planning sessions for organizations as diverse as multi-national Fortune 100 companies, medium size non-profit organizations and small special interest employee groups inside large corporations.

The approach is to gather relevant environmental, geographic, demographic, and industry data beforehand so that it may be integrated and organized in a way that allows for critical evaluation by the Strategic Planning Team. The result will be the facilitated creation of integrally linked and aligned Vision, Mission, Values and Strategic Goals that will guide the future of your Chamber.

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PRE-PLANNING AGENDA/VIRTUAL FOCUS GROUP (VFG)

- Identification of all key Community stakeholders
- Key Community stakeholders will be contacted with an invitation to provide confidential feedback which will be used in the Strategic Planning meeting (VFG)
- Gathering of an historical perspective of the Cayman Islands Chamber of Commerce and its relationship to the Community
- Specific review of current Strategic Plan and performance details from that Plan
- Specific review of Membership data including financials, numbers and demographics
- Detailed Analysis of current Market Trends

TYPICAL ON-SITE AGENDA WITH BOARD OF DIRECTORS

- Current State Analysis
 - Market Conditions
 - Chamber Trends
 - Cayman Islands Chamber of Commerce Current Performance
- Review of current Vision and Mission
- Discussion of the Chamber's current and future role in Economic Development, Advocacy and Community Development
- Identification of Opportunities for Change (i.e. Economic Development, Strategic Alliances, Employment, Workforce Issues, etc.)
- Creation of Broad Categories of Strategic Goals
- Analysis of Broad Categories of Strategic Goals against Vision and Mission
- Creation of One to Two year Strategic Goals and Draft Objectives

POST ON-SITE STRATEGIC PLANNING DELIVERABLES

- Continued e-mail and conference call dialogue to refine the specific objectives with time lines and accountability.
- A draft of the completed Strategic Plan will be submitted to the CEO for feedback and revisions.
- OpX Group will make all required revisions, incorporating feedback and provide a finalized comprehensive Strategic Plan document within ten days of receiving draft feedback.

CAPITAL CAMPAIGN PLANNING STUDY EXECUTIVE OVERVIEW

ESSENTIAL INGREDIENTS FOR A SUCCESSFUL CAPITAL CAMPAIGN:

- An urgent, compelling case for support;
- A clear justification of the Chamber's needs;
- Sufficient donor and volunteer prospects within the organization's constituencies;
- Adequate resources to carry out the campaign, such as staff, funds, facilities and technology;
- A strategy for implementation

PLANNING STUDY OVERVIEW

Launching a Capital Campaign without a thorough Planning Study is like flying without a compass. A well-conducted study increases the chances for a successful campaign and will almost always result in more money being raised. Based on experience with a variety of Capital Campaigns, the results indicate a far higher success rate for campaigns vetted before their launch with a solid Planning Study than those launched without one.

Specifically, a Capital Campaign Planning Study enables your organization to:

- Test basic planning assumptions with potential donors
- Build ownership with potential contributors
- Ascertain potential support
- Identify volunteer leadership potential
- Determine Campaign strategies
- Develop plans for soliciting prospects

PLANNING STUDY PROCESS

INTERNAL ANALYSIS

Internal factors that have an influence on your Chamber's ability to conduct a successful campaign will be examined by the team. Time will be spent interviewing staff, selected board members and volunteers.

EXTERNAL ANALYSIS

An assessment of whether your Chamber can successfully attract the number and size of gifts necessary for the specific campaign needs. The team will examine the strength of the case for support, potential giving from lead and major prospects, and the likely availability of influential and committed volunteers. This information will be gathered through one-on-one interviews, focus groups and a review of the environmental factors in the area.

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CONFIDENTIAL INTERVIEWS

These interviews with major prospects and potential campaign leaders are crucial for a planning study. To encourage prospects to be open and candid, interviews are confidential and conducted on an individual, face-to-face basis. Prospects are assured that the findings will be handled discreetly and shared only with the Board and the executive staff of the Chamber.

The interviewer will attempt to learn what would motivate the interviewee to give to the Chamber's cause and how much the prospect might be willing to give to such a cause and under what conditions. At no time is the interviewee asked to make an actual pledge or contribution in this phase.

Major prospects, potential campaign leaders and key contacts to interview include:

- Board Members
- Volunteer members of important committees
- Professional staff members
- Prospective major donors to previous related capital and annual giving campaigns
- Corporate executives
- Foundation officers
- Government officials
- Others who could logically provide needed guidance, support and connections for your campaign

PLANNING STUDY REPORT

Once the information is gathered, it will be analyzed and the findings and conclusions will be written in a Planning Study Report. The basis of this report focuses on the following factors that are critical to the success of a major fund-raising effort:

- The level of confidence in your Chamber, its leadership, financial management and plans for the future
- The acceptance, appeal and perceived urgency of the case for support
- The number of prospects who have the capacity and interest in making the quantity and size of gifts needed in the campaign
- The availability of influential and committed campaign volunteer leaders
- The readiness of your Chamber to support a major campaign in terms of its staff, programs and systems
- The environment in which the campaign will take place, e.g., economic factors or other conditions

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TIMING FOR A PLANNING STUDY

The best time to conduct a study is after the appropriate goal has been framed in the Strategic Planning process and is supported by the Board. Final approval of the entire Capital Campaign process should be requested after the Strategic Planning process is completed so that goals, objectives and timetables can be adjusted if needed.

OPERATIONAL EXCELLENCE (OPX) CAPITAL CAMPAIGN PLANNING/FUNDRAISING FEASIBILITY STUDIES

An OpX Group fundraising **feasibility study** is a tool used by organizations to determine if their proposed capital fund-raising campaign has those ingredients and a good chance of success. The feasibility study should identify how much money an organization can reasonably raise, how long it should take to do it, and what costs would be involved in managing the campaign. A good study will also identify potential leaders and donors, strengths and weaknesses of the campaign, and include recommendations on how the campaign should be conducted.

OpX Group recommends that organizations think of and title their feasibility study as a capital campaign **planning study** since it will ultimately contribute to the strategy for marshalling the funding and volunteer resources needed to complete the capital campaign.

Credible capital campaign **feasibility/planning study**:

- Is conducted by an experienced, objective outside consultant;
- Consists of a series of confidential interviews with the organization's board and staff, key supporters and prospective major donors about their interest, willingness and capacity to support the campaign and identify and solicit other donor prospects; and
- Integrates all findings into a candid, honest and confidential assessment of strengths and weaknesses and a prognosis for success or inability to successfully reach the campaign goal.

Through a competent, objective feasibility/planning study, an organization can learn what it needs to know before embarking upon a capital campaign and whether all the critical ingredients for success are there or not.

ESSENTIAL INGREDIENTS FOR A SUCCESSFUL CAPITAL CAMPAIGN ARE:

- An urgent, compelling case for support;
- A clear justification of the organization's needs;
- Sufficient donor and volunteer prospects within the organization's constituencies;
- Effective and inspirational leaders;
- Adequate resources to carry out the campaign, such as staff, funds, facilities and technology; and
- A strategy for implementation

Is a Feasibility/Planning Study a Good Investment? Feasibility/planning study can be time-consuming, costly and will make significant demands on staff and budget. However launching a campaign without one is like flying without a compass. A well-conducted study

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increases the chances for a successful campaign and will almost always result in more money being raised.

Most established fundraising boards believe that conducting capital campaign feasibility/planning study is a wise investment. While not foolproof, they are solid indicators of whether the campaign can achieve its goal. Based on experience with a variety of capital campaigns by organizations, the results indicate a far higher success rate for campaigns vetted before their launch with a solid feasibility/planning study than those launched without one.

Chamber Board of Director Approvals should involve a credible determination of ability to assemble the funds to accomplish the project. Some projects may be funded through a small number of fund or grant sources without a capital campaign. The need for a full-fledged feasibility/planning study is generally determined by:

- Size of Campaign - OpX Group recommends a feasibility study for campaigns over \$1 million.
- Number of Fund Sources - If the project will be funded from 10-20 single sources, a feasibility/planning study is of limited value.
- Funding Source Mix - lead donors, major donors, private foundations, and public phase=yes
If most of the funds are from public grant sources, they won't involve a capital campaign.
- Multi-Phase Campaign - Will all levels of anticipated donor source respond favorably?
- Prior Track Record - Partners with prior successes can more reliably predict success than first timers.

The rationale for not conducting feasibility/planning study should be submitted for concurrence by the Executive Committee and approved by the Board of Directors.

The broader and more important purpose of a feasibility/planning study is to determine how an institution can achieve a particular short-term philanthropic goal and position itself for long-term success. Specifically, a capital campaign feasibility/planning study enables your organization to:

- **Test basic planning assumptions with potential donors.** Find out how potential contributors feel about your organization and your organization's project and fundraising needs. Can you justify those needs and build a strong enough case to motivate donors to invest in your organization? Do potential donors see your needs as important enough to place the proposed campaign high on their giving priorities? Do they believe your fundraising plan is right for your organization and what are its strengths and weaknesses? Do they believe that the money can be raised?

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- **Build ownership with potential contributors.** Disseminate early information about your organization's plans and ask board members and potential lead and major donors for their advice before decisions are made. Build their sense of ownership for your campaign, which usually results in larger gifts.
- **Ascertain potential support.** By asking those interviewed if they are likely to contribute and at what levels, experienced consultants can estimate the potential giving at the crucial early lead and major levels of the your campaign. This knowledge, plus information about board giving and other factors, provides the basis for estimating total campaign potential for success. You can determine if you have enough donor prospects in your constituency and enough prospects at different giving levels.
- **Identify volunteer leadership potential.** Interview potential campaign leaders and others to provide information on your organization's potential to recruit and motivate influential and committed volunteers. Identify board leadership and their fundraising capabilities. Assess what it will take to create available volunteer leadership and ask if your organization has enough volunteers to help build fundraising teams. This knowledge is critical. Board members and effective volunteers are the single most important factors in the success of most fundraising campaigns. Keep in mind that fundraising gets bogged down not because of a lack of prospects, but because of lack of volunteers.
- **Determine campaign strategies.** The information gathered helps determine the strengths and weaknesses of your organization regarding its readiness to conduct a campaign and to develop successful strategies and plans.
- **Develop plans for soliciting individual prospects.** Information developed in the interviews helps ensure the successful solicitation of individual donor prospects. While the interviews are confidential, it is possible to honor that confidentiality and still help your organization develop an appropriate solicitation plan and giving level.

ADVANTAGES OF FEASIBILITY/PLANNING STUDY

- An organization that is properly prepared for a campaign attracts better volunteers and larger lead gifts and, ultimately, raises more money. A good study will help an organization set the highest attainable goal and develop the best strategies to achieve that goal.
- A study lowers the risk of missing a campaign goal and ending a campaign with frustrated board members and donors. Knowing where the pitfalls are before launching the fund-raising effort is crucial to avoiding them. Entering a campaign blindly usually results in discovering problems at a time when they seriously threaten the campaign's success.
- An often common denominator for unsuccessful campaigns is that they were launched without a proper feasibility/planning study. There are no 100 percent guarantees, but studies show a 92 percent success rate for campaigns preceded by feasibility/planning studies.

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NEED FOR INTERNAL CONTROL

Those primarily responsible for implementing the study's recommendations must have:

- Confidence in the campaign feasibility studies process
- Belief that the right individuals were selected to participate in the interviews
- Agreement that the proper conclusions were drawn from the information collected. The organization contracting for the study must maintain a level of control over the process and the findings.

To accomplish this, Board members (often a campaign committee of the Board), staff and volunteers form a feasibility task force, which meets two or three times and works closely with the consulting team to refine the study's design, selects the study participants, reviews findings, conclusions and recommendations, and helps determine how the study results will be communicated to the Board and executives.

FEASIBILITY/PLANNING PROCESS

Because of the need for objectivity and confidentiality, the feasibility study is best conducted by a consultant or consulting team, who will prepare in sequence the internal analysis, external analysis and the final report.

It's crucial that those being interviewed trust and believe in the integrity and confidentiality of the interviewer(s).

INTERNAL ANALYSIS

During the internal analysis, internal factors that have an influence on your organization's ability to conduct a successful campaign are examined by the team:

- Your organization's plans from which the list of needs were drawn;
- Your organization's readiness to support a major campaign in terms of its development staff, systems and programs and its public relations staff and/or capabilities;
- The organizational capacity to manage, cultivate and steward donors and volunteers;
- The financial feasibility of conducting a capital campaign;
- The accuracy and relevancy of your donor database; and
- The commitment of your board and executive staff to fundraise for and support the campaign. An effective fundraising board plans appropriately and establishes realistic goals. They allocate sufficient resources to achieve plan goals.

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This information is analyzed and the consulting team spends time interviewing staff and selected board members and volunteers.

EXTERNAL ANALYSIS

Attention is then turned to the external analysis, during which the consulting team assesses whether your organization can successfully attract the number and size of gifts necessary for the specific campaign needs. The team examines the strength of the case for support, potential giving from lead and major prospects, and the likely availability of influential and committed volunteers. This information is collected through:

- Confidential interviews with major prospects and potential campaign leaders;
- Focus groups, which help define the issues that need to be explored in the survey and through interviews;
- Written surveys of those who are closely involved with your organization but who would not be personally interviewed; and
- A review of the environmental factors - such as the regional economy, competition for gifts, and relevant public attitudes - all of which will affect the campaign but over which the organization has no control.

In addition to your board and staff, the team is tasked with identifying prospects that might have connection with your organization or your fundraising cause for the feasibility/planning study consultant. If your organization can't get access to the interviewee for a feasibility study interview, your organization isn't going to have access to ask them for a gift once the campaign is underway. It's important to fully explore your organization's and the consultant team's collective connections to prospective donors.

CONFIDENTIAL INTERVIEWS

These interviews with major prospects and potential campaign leaders are crucial for feasibility/planning study. To encourage prospects to be open and candid, interviews are confidential and conducted on an individual, face-to-face basis. Only on an exception basis should phone interviews be considered as it is harder to "read" and relate to the person being interviewed and instill a sense of confidentiality. Prospects are assured that the feasibility findings will be handled discreetly and shared only with the Board and the executive staff of your organization.

The interviewer tries to ascertain how strongly the case for the capital campaign resonates with each interviewee. While the interviewer does not ask for a pledge to the campaign from the interviewee, he or she is attempting to learn what would motivate the interviewee to give to such a cause and on how much the prospect might be willing to give to such a cause and under what conditions.

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A key for success with donors is access. It is important in the feasibility/planning study to determine whether there are sufficient donor's prospects that your organization can enlist in the various donor level categories.

PROSPECTS ARE ALSO ASKED:

- who they know that might be interested in contributing and/or playing a key role in the capital campaign;
- what level of contribution those persons might be willing and able to make;
- who else they might know who might donate; and
- Whether the interviewee would be willing to help enlist their support.

Most interviewees are familiar with the fundraising process and have often served on campaigns themselves so they understand this "process".

Major prospects, potential campaign leaders and key contacts to interview include:

- board members
- volunteer members of important committees
- professional staff members
- prospective major donors to previous related capital and annual giving campaigns
- corporate executives
- foundation officers
- government officials
- Others who could logically provide needed guidance, support and connections for your campaign.

REPORT ANALYSIS FACTORS

Once the information is gathered, the consultant/consulting team analyzes it and prepares their findings and conclusions in a written feasibility/planning study report. The basis of this report focuses on the following factors that are critical to the success of a major fundraising effort:

- The level of confidence in your organization, its leadership, financial management and plans for the future;
- The acceptance, appeal and perceived urgency of the case for support;
- The number of prospects who have the capacity and interest in making the quantity and size of gifts needed in the campaign;
- The availability of influential and committed campaign volunteer leaders;
- The readiness of your organization to support a major campaign in terms of its staff, programs and systems; and

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- The environment in which the campaign will take place, e.g., economic factors and competition for gifts and volunteers.

When the goal is feasible, the feasibility/planning study recommends that the campaign be undertaken. When the goal is not realistic, the study may recommend that a smaller goal be adopted or that the campaign be postponed until the organization can strengthen its fundraising position or other conditions are more favorable.

TIMING FOR FEASIBILITY/PLANNING STUDY

The best time to conduct a study is after the preliminary campaign and appropriate goal has been framed but before your organization asks the Board for final approval. This way, goals, objectives and the timetable can be adjusted if needed.

FEASIBILITY/PLANNING STUDY COST

Depending on the level and complexity of a prospective capital campaign, a feasibility study will cost between \$15,000 and \$ 50,000 and up and take 3 to 6 months or more to complete. One consultant suggested that a \$4 million capital campaign should have 40 interviews at a cost of \$25,000-\$32,000. In his article, "Capital Campaigns: Constructing a Successful Fund-raising Drive", National Center for Nonprofit Boards, (2001), Edward Schumacher cited that feasibility/planning studies cost between \$35,000 and \$50,000 depending on the size of the sample interview. Another cost variable is the geographical spread of the interviewees.

A capital fundraising campaign is a serious endeavor for an organization. It requires a major commitment of an organization's precious resources and time. The upfront cost for feasibility/planning study should be viewed as an investment that saves money and potential embarrassment and helps guide the use of precious funds to conduct the campaign for optimum results.

OUTCOME

A successful outcome enhances the credibility of the organization. There are examples of unsuccessful capital campaigns that were not preceded by a credible capital campaign planning study. An unsuccessful outcome has a serious impact on organization morale and credibility. Stalling out in the middle of a capital campaign well short of the goal also raises the difficult issue of returning the donors' gifts. Pledges can easily be cancelled, but at least a portion of cash gifts are usually invested in covering campaign expenses to grow the campaign. While the donor gets their tax deduction for their gift, it leaves a negative impression and may void their interest in future fundraising support for your organization.

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All these implications underscore the need to complete a credible feasibility/planning study before moving forward and further investing in a capital campaign.

OpX Group recommends documentation proving that a feasibility/planning study has been completed and that its findings conclude that the campaign can successfully reach its goal. OpX Group will treat this documentation confidentially.

LESSONS TO KEEP IN MIND

- Feasibility/planning studies are a prudent and essential investment for a capital campaign.
- Engage an experienced, objective third party to conduct the campaign.
- Approach the feasibility study as a planning study to map a strategy for the campaign.
- Your board and organization must fully support and engage in the feasibility/planning study process.
- Notify all likely prospects with some connection with your organization and cause.
- It is easier to get more money from a current donor than first time money from a non-donor.
- First gifts are rarely major gifts; major gifts are rarely final gifts.
- Wealth is not reason enough to expect a gift, there needs to be connection.
- The most common reason people do not give is that they are not asked.
- People give to people who give, so the Board must make the first pledge.
- Fundraising gets bogged down because of a lack of volunteers not a lack of prospects.