

**April 1, 2017** Advancing Philanthropy

## New Growth: Tips for Launching an Endowment Campaign

Deanna Ackerman

Want to increase donation form conversions by **3.8x?** [READ CASE STUDY](#) everyaction

The banner features a blue background with white text. On the right, there is a circular inset image of a woman with glasses looking at a smartphone, with dollar signs floating around her. The text 'Want to increase donation form conversions by 3.8x?' is prominent, with '3.8x?' in a larger font. To the right of this text is a yellow button that says 'READ CASE STUDY' and the 'everyaction' logo below it.

[https://go.everyaction.com/WC-2018-10-Audubon-Case-Study.html?utm\\_source=media+partner&utm\\_medium=display&utm\\_campaign=afp-july-banners&utm\\_content=audubon](https://go.everyaction.com/WC-2018-10-Audubon-Case-Study.html?utm_source=media+partner&utm_medium=display&utm_campaign=afp-july-banners&utm_content=audubon)

Paid Advertisement

Endowments are not for every organization; however, if your nonprofit is growing rapidly or has a mature development program, you should consider starting an endowment.

### Where to Begin: Start With Board Buy-In

What is the first step to any endowment? Get the board to agree to the campaign. Why is that necessary? If you are starting an endowment for the first time, there are certain fiduciary responsibilities that are required of the board. You will want to establish a finance committee that will be responsible for setting guidelines on investing and managing the endowment. The committee will also serve as liaison to the investment firm that manages the endowment. With a first-time endowment, you

will also want the board to be involved with setting the guidelines or policy on how the funds will be spent. You may launch a restricted endowment that is for a program or go for unrestricted funds for operations. The board should initially be involved in all of these decisions. If you are an organization that already has an endowment fund and you want to add to it by launching a new campaign, your board members can play a big role in helping you fundraise. Much like a capital campaign, you will want to have a few key leaders from your board who really enjoy fundraising and are good at soliciting donations. The most successful endowment campaigns include a committee of board members, estate planners and other experts who understand endowments and are willing to connect you with potential donors.

### **Approve a Gift Policy**

If this is your first time launching an endowment campaign, you should establish a gift-acceptance policy, which will determine what types of assets may or may not be accepted by your organization. The policy is usually drafted by a board member or a consultant, and the document runs about 10 to 12 pages in length (in larger organizations, it may be longer). The policy outlines the types of gifts you will accept (e.g., stock, land, etc.) and how the gifts will be managed. The policy spells out any restrictions, donor conflicts of interest, use of advisers, transaction management guidelines and other information such as the disposal of property. In most cases, a gift-acceptance policy is drafted and approved within three months and should be reviewed at least every three years to ensure relevance.

### **Select a Dollar Goal, and Build Your Case for Support**

Your goal may be as simple as \$1 million, or it could be as large as \$20 million or more. Whatever goal you set, it must make sense as to why you are raising that much money. You must show the donor how it will go to good use in the coming years. When approaching donors for unrestricted endowment funds, you should always have your strategic plan in place and know what your short- and long-term organizational goals are for the coming years. Will the endowment income be spent to expand? Will it be used to hire new staff and build your capacity? Everyone likes a good story, so develop a theme to your endowment campaign. You can use catchy slogans or simple taglines. Go for something with emotion, and you will get a lot further in your fundraising.

### **Identify Prospects by Starting With Your Current Donors**

Just as with a capital campaign, you should identify the lead donors who will contribute either the entire amount or a large portion of the endowment funds. Your best and most likely prospects are the ones who have given to your organization for at least five years or more at a significant level (five-figure gift or more). When you are reviewing their donor records, look for trends, and be sure to keep aware of timing. It can get tricky trying to secure their annual gift at the same time you are asking for an endowment gift. In many cases, you will have to make a combined ask that year, and you may have to go into a multiyear pledge with the donor. Be ready to respond to the donor's needs. If you are going outside your donor pool for prospects, start with people or groups that have an affinity for your cause. Get your board members involved, and have them open doors to donors.

Get your board members involved, and have them open doors to donors.

## **There Has to Be Purpose—Make the Ask Meaningful**

By saying there has to be a purpose, it is not about restricting the funds; it is about making the gift meaningful. You may say, “All gifts are meaningful.” Of course, however, some have greater impact due to the size and reach of the donation. In most cases, endowment gifts are going to have a long-term impact on an organization. In order to raise gifts of this nature, the ask has to be meaningful and not transactional. What does that mean? It means that you go deeper into the donor relationship. You are going to spend more time cultivating the prospective donor than actually asking. But once you get to the ask, you have to really make that mission-match. Show the donor how his or her dollars will further the mission. Demonstrate how the endowment aligns with the donor's philanthropic interests. It cannot just be that you serve kids, and the donor likes kids. It has to be bigger than that. The gift will change the lives of the kids. Have purpose to what you are doing. What types of outcomes will the donor see one year, two years or even 10 years from now? Of course, with the donation comes the stewardship. Stewardship of an endowment gift needs to be considered up front and be part of the ask. How will this relationship, which may last for years, be managed for it to be more than transactional? Be purposeful about your actions.

## **Develop Donor Recognition**

Recognition of endowment donors goes beyond just the thank-you letter and plaque. Naming opportunities are usually involved. That is a discussion to have with the donor at the time of the donation. Keep in mind, though, that if you are running a larger endowment campaign that involves multiple donors, you will need to have ways to recognize all of them. In that case, the endowment is rarely named after a single donor. In many cases, it is not named after a donor at all but has some other catchy phrase. When it comes to naming buildings or rooms, be sure to keep a naming timeframe in mind. If the endowment is for 10 years, will the donor's name stay up for 10 years, or will it stay up longer? It can become difficult in the long run if you don't define guidelines at the time of the gift.

Endowments are for the long haul and are a healthy part of any development program. Even midsize organizations with limited staff can conduct endowment fundraising with these few simple tips.

Endowments are for the long haul and are a healthy part of any development program. Even midsize organizations with limited staff can conduct endowment fundraising with these few simple tips.

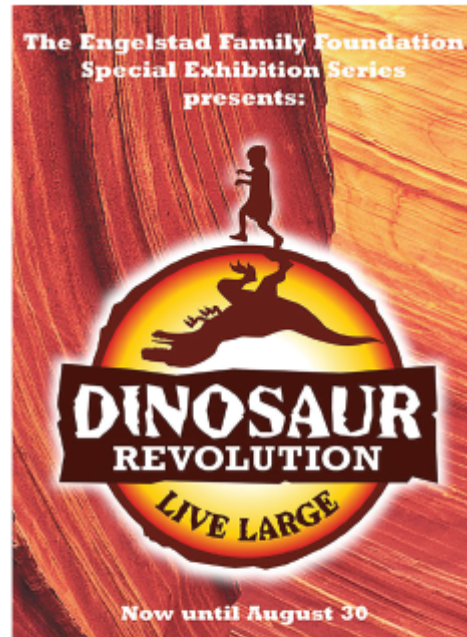
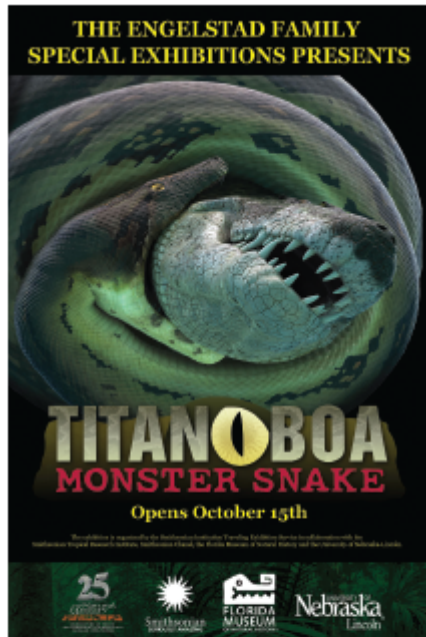
---

### **Sidebar: Size Does Not Matter**

The Las Vegas Natural History Museum is a jewel in the desert. Tucked away just off the north end of the Strip, this “mini-Smithsonian” houses some of the most amazing exhibits in the region, including one of the only replicas of King Tut's Tomb. For years, the museum funded its operations and traveling exhibits with grants and admission funds. With a budget slightly under \$900,000, it seemed unlikely that a small museum could ever establish an endowment. However, that did not stop the museum's director, Marilyn Gillespie, from trying to do so.

During the height of the recession, she decided to go for it and launched a \$1 million endowment. The board of directors had agreed it was time to make the move. They had a gift policy in place. There was a compelling cause to support: The museum would use the endowment to fund the annual traveling exhibit, providing educational programs to thousands of children each year. It sounded like everything was in place. However, one concern was how the museum could raise an endowment that was larger than its annual operating budget. Enter the “right” donor. A major donor was

identified to fund the entire endowment. The result: A \$1 million endowment gift ensured the museum had a sustainable annual traveling exhibit. With the right plans and a fearless attitude, a group of any size can launch an endowment.



Deanna Ackerman, CFRE, is the founder of Advanced Development Executives, a consulting firm that provides expert advice and development services to support charities in reaching their fundraising goals. She has been a consultant



since 2001 and has worked with affiliates of national nonprofits such as Paralyzed Veterans of America and Habitat for Humanity. She is an AFP Master Trainer and serves on the AFP U.S. Government Relations Committee and Awards Committee.

**Read More**

**01 Nov 2022**

**[Proposed 2022 AFP Canada Board of Directors \(/news/afpcanadaboard2022\)](/news/afpcanadaboard2022)**

**01 Nov 2022**

**[Conseil d'administration d'AFP Canada proposé pour 2022 \(/news/conseil-dadministration-dafp-canada-propose-pour-2022\)](/news/conseil-dadministration-dafp-canada-propose-pour-2022)**

**19 Nov 2021**

**[National Philanthropy Day® Spotlight: LaDawn Sullivan \(/news/national-philanthropy-day-spotlight-ladawn-sullivan\)](/news/national-philanthropy-day-spotlight-ladawn-sullivan)**

Stand out as a fundraising expert  
**Become a CFRE**



**([https://go.everyaction.com/WC2021-03-03BLVC\\_ContentDownload.html?utm\\_source=media+partner&utm\\_medium=display&utm\\_campaign=afp-display-retargeting&utm\\_content=black-visions-case-study](https://go.everyaction.com/WC2021-03-03BLVC_ContentDownload.html?utm_source=media+partner&utm_medium=display&utm_campaign=afp-display-retargeting&utm_content=black-visions-case-study))**

Paid Advertisement