

## First Fundraising Strategies for Startup Organizations

Tom O'Brien  
Program Director  
Neighborhood Connections Small Grants Program  
The Cleveland Foundation  
Cleveland, Ohio  
February 15, 2008

First Fundraising Strategies for Startup Organizations

### Goal for Today:

To present ways that organizations can bring in their first dollars and begin to fundraise for their future.

First Fundraising Strategies for Startup Organizations

### More specifically, we will learn:

- How to identify early donor prospects to present your "elevator speech" or case statement
- Self-assess the readiness of your organization to fundraise
- Recognize key factors to consider when pursuing charitable contributions, earned income, and government funding
- Review the advantages and challenges of each potential funding source.

First Fundraising Strategies for Startup Organizations

### You need to ask some initial questions to determine if your vision is plausible.

- Are you duplicating services? Is there a need for this service? Survey your service area.
- Is there local funding available in the project category that you wish to work in and in the area you wish to serve?
- Is there organizational development support in your community that is easily accessible and affordable?
- Is my organization ready to fundraise?

First Fundraising Strategies for Startup Organizations

### Is your organization ready to fundraise?

Identify your organizations strengths and assets in the following areas:

- Program
- Board
- Staff
- Fundraising

First Fundraising Strategies for Startup Organizations

### Basic Steps to Raising Funds:

1. Develop a strong case statement.
2. Research to find out how much you need to raise (budget).
3. Determine the best ways to fund your organization
4. Decide whom to approach and how you'll approach them (fundraising plan).

First Fundraising Strategies for Startup Organizations

**Develop a strong case statement**

- This document is the core element to fundraise for your organization.
- A brief document – about two pages.
- It explains why potential funders should support your organization.
- This document informs your proposals

First Fundraising Strategies for Startup Organizations

**To build a strong case statement, you must answer the following questions:**

- Why does your agency exist? What is your mission?
- What are the specific problems in society that you plan to address?
- Who will benefit from your work?
- What methods will you use to alleviate these problems?
- Do you have a track record of accomplishment?
- How qualified are your board, staff, volunteers, and community alliances to tackle these problems?
- What resources are needed to advance your efforts?
- How will you raise the needed funds?

First Fundraising Strategies for Startup Organizations

**Create a budget to show your projected expenses, your income, and the costs associated with what you want to do.**

First Fundraising Strategies for Startup Organizations

**Create a Fundraising Plan**

- Set Realistic Fundraising Goals
- Diversify Funding Mix
- Put together a fundraising plan and timetable
- Evaluate your efforts to plan for future years

First Fundraising Strategies for Startup Organizations

**Most Startup Organizations should focus on two areas for raising funds:**

- Individual donors (including in kind donations and volunteer labor)
- Foundation Support

First Fundraising Strategies for Startup Organizations

**Types of Funding Opportunities**

- Individual Donors
- Private Funding Opportunities (Foundations, Corporations, etc.)
- Earned Income
- Government Funding

First Fundraising Strategies for Startup Organizations

Individual Donors

*Advantages:*

- The vast majority of all money donated to nonprofits by the private sector comes from individuals.
- Average people, not the very wealthy, give the most money to nonprofit organizations.
- Developing a donor base builds a broad base of support from within the community and gives you a consistent flow of flexible resources.
- Ongoing resource that can be expanded over time.
- Volunteers are donated to the cause and are likely to give.

First Fundraising Strategies for Startup Organizations

Individual Donors

*Challenges*

- Need significant assistance from your board and volunteers
- Initial amounts raised usually won't compare to grant awards.
- Need to keep track of awards and continued effort to nurture relationship.
- Takes time to raise significant amounts of money.

First Fundraising Strategies for Startup Organizations

Individual Donors

*Methods*

- Face to face appeals
- Personal phone calls
- Personal letters
- Sending out an appeal letter
- Special events

First Fundraising Strategies for Startup Organizations

Individual Donors

Most first contributions are not financial for startup community based organizations.

- Initial contributions come in the form of in-kind gifts and volunteer time.
- Create a list of people and organizations who have expressed interest in your work and what each person might be able to contribute to help you get started.
- This group will be your organization's initial donors.
- Their contributions will show other funders that you have a base of support, which will help you raise additional funds.

First Fundraising Strategies for Startup Organizations

Individual Donors

- Have the board chair ask each board member to donate
- Include a request for contributions in your newsletter
- Have donation envelopes or "pass the hat" for donations at events.
- Ask volunteers, local businesses, and other supporters for donations, both financial and in-kind.
- Have a regular schedule of fundraising events.

First Fundraising Strategies for Startup Organizations

Individual Donors

- Publicize your efforts so potential donors are aware of your work.
- Recognize volunteers, donors, staff, and board efforts.
- Get comfortable approaching community members for funds.
- Keep good records of donations!
- Thank them for donating!

First Fundraising Strategies for Startup Organizations

Private Funding  
**Independent Foundations**

- Funded by individuals or through family endowments
- Vary in size from largest foundations in world (like Gates) to small family foundations.

First Fundraising Strategies for Startup Organizations

Private Funding  
**Independent Foundations**

*Advantages:* Usually have clear guidelines and process for applying, can be a source of large amounts of money, professional staff, may provide support for specific causes.

*Challenges:* Application process may be lengthy, difficult to access with personal relationship, may not accept unsolicited proposals, most money may be earmarked for specific organizations and issues, need to have 501 c 3, don't like to fund general operating expenses, time limited funding (usually no more than 3 years).

First Fundraising Strategies for Startup Organizations

Private Funding  
**Community Foundations**

- Raise money from hundreds of donors
- Community Foundations generally serve a geographic area.
- Some Community Foundations may define their community by the issue or constituency.

First Fundraising Strategies for Startup Organizations

Private Funding  
**Community Foundations**

*Advantages:* much like large family foundations and staff usually available and professional.

*Challenges:* only a small percentage of funds are unrestricted and available to the average organization, don't like to fund general operating expenses, time limited funding (usually no more than 3 years).

First Fundraising Strategies for Startup Organizations

Private Funding  
**Corporations/Corporate Foundations**

- Funded by a single company through an endowment or annual donation.
- Legally and fiscally separate from the company.

*Advantages:* can be source of large amounts of money, may provide ongoing support, often have professional and accessible staff.

*Challenges:* average grant is usually small, organization must meet specific guidelines, unlikely to contribute if they are not rooted in the community, require demonstrated financial responsibility, don't like to fund general operating expenses, time limited funding (usually no more than 3 years).

First Fundraising Strategies for Startup Organizations

Private Funding  
**Federated Giving Programs**

- Programs like the United Way or other community sharing programs.

*Advantages:* clear process, steady stream of money, professional staff

*Challenges:* usually don't fund startup organizations, may be only interested in direct-service organizations, time consuming process.

First Fundraising Strategies for Startup Organizations

**Private Funding Considerations**  
***Where to start:***

- Start with local funders. The larger the geographic area that the funder serves, the greater the competition and more difficult to establish a relationship.
- Funders will also look for:
  - Evidence of your program's strength and record of accomplishment
  - A clear plan of action that will lead to results you've promised
  - A detailed budget
  - Similarities between your mission and theirs
  - Assurances that you are knowledgeable about your work.

First Fundraising Strategies for Startup Organizations

***Where to start (cont'd)***

- Look for small, grassroots grant opportunities in your area.
  - These grants are usually easier to obtain.
  - They are usually for smaller amounts (\$500 to \$10,000)
  - They are usually for one year.
  - In most cases, you don't need to be a 501 c 3, but you need to find a registered non-profit to serve as your fiscal agent to hold your funds.
- Find an established organization or organizations you can partner with to secure funding and prove yourself.
- If you are established in the community, but your organization is new, and you have a good relationship with a local funder, set up a meeting with them to discuss your organization.
- Research local grant opportunities that may be available for startup organizations.
- Stay true to your mission! Don't chase dollars!

First Fundraising Strategies for Startup Organizations

***Where to research foundation grants:***

- Foundation Center ([www.foundationcenter.org](http://www.foundationcenter.org))
- The Grantseekers Guide
- Local Newspapers
- Publications (*Nonprofit Times, Chronicle of Philanthropy, Nonprofit Quarterly*)
- Email lists from local foundations, community groups, the Foundation Center.

First Fundraising Strategies for Startup Organizations

**Earned Income** (income generating activity)

- May want to look at this down the road as organization develops
- Need to talk to a tax attorney or auditor about relevant laws.
- Types of activities include selling merchandise, collecting fees for service, creating endowments, renting space, or starting a business.
- Benefits include way to build awareness about your program, opportunity for clients to build skills, organization can be more self reliant, and is another way to raise funds from folks who might not donate.

First Fundraising Strategies for Startup Organizations

**Government Grants**

- Usually don't fund startup organizations
- Long and involved application
- Nonprofits reimbursed for work
- Can provide large sums of money
- Fiscal and Programmatic reporting cumbersome.

First Fundraising Strategies for Startup Organizations

**Get Support!**

- Is there a training/ technical assistance program through the small grants program?
- Is there training/technical assistance through a local community college or university?
- Is there a local list of recommended organizational consultants who you could contact for assistance?
- Is there someone you worked with who could serve as a mentor to you and your organization?
- Are there peer learning groups or other opportunities to network in your community with other leaders of new startup organizations?

First Fundraising Strategies for Startup Organizations

**Review: First Fundraising Strategies for Startup Organizations**

1. Develop a strong case statement.
2. Research to find out how much you need to raise (budget).
3. Determine the best ways to fund your organization
4. Decide whom to approach and how you'll approach them (fundraising plan).

First Fundraising Strategies for Startup Organizations

**My Contact Information**

Tom O'Brien  
Program Director  
Neighborhood Connections  
1422 Euclid Avenue, Suite 1510  
Cleveland, Ohio 44120  
216.393.4640  
[tobrien@neighborhoodgrants.org](mailto:tobrien@neighborhoodgrants.org)