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Southern Early Childhood Association

SECA

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SOUTHERN EARLY CHILDHOOD ASSOCIATION

Where's the Money? Financial Stability in a Time of Change

During the last year, there have been discussions concerning the future of state associations within the SECA region, and the major shifts that are occurring as the organizational structure changes in many of our fourteen (14) states.

With the affiliate structural changes that have been put forth by the National Association for the Education of Young Children (NAEYC), the organizational landscape within the SECA region has shifted fundamentally. We now have:

- **Eight (8) states that are affiliated only with SECA**: Arkansas, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and West Virginia. (Kentucky, Tennessee and West Virginia were previously affiliated with both SECA and NAEYC.)
- **Five (5) states are opting to maintain affiliation with both SECA and NAEYC**: Florida, Georgia, Oklahoma, Texas and Virginia.
- **One state, Alabama**, will move into either a new affiliate structure or SECA will offer a member-at-large option.

(For a broader explanation of the changing landscape, see the March 2016 issue of *The Leadership Letter.*)

With those structural changes comes an imperative to answer these questions to ensure the future of these affiliates and SECA.

- Can we develop a financial plan that begins to diversify our revenue sources beyond membership dues and conference revenue?
- Do our governing boards have knowledge of their responsibilities in ensuring the financial stability of the organization?
- Have we developed fundraising plans based upon a strategic plan that clearly identifies goals and objectives?
- What sources and types of revenue/funding might be available to assist the association in meeting its mission?
- Do the traditional sources of fundraising/revenue still apply or are there new avenues to be explored?

In this newsletter, we'll explore:

⇒ How to develop a fundraising plan

⇒ What types of alternative types of revenue might be available (grants, donor campaigns, special events, service contracts, etc.)

⇒ The role of boards in ensuring the financial stability of an organization and fundraising

It's time to take a good hard look at where we are and where we want to go. Financial resources are one component of ensuring you operate as a mission-driven association.

Inside this issue:

Leadership Commission Members

- *Jeff Leffler, MS*
- *Anita Dailey, GA*
- *Cathy Waggoner, TN*
- *Susan Barnes, VA*
- *Suzi Brodof, WV*

Developing a Fundraising Plan

Whether your organization has been around for a very long time or you're just getting started, **developing a fundraising plan will make the difference between struggling financially and creating different avenues of revenue that support fluctuations during the fiscal year.**

For most of our affiliates, the dominant sources of revenue are membership dues and conference revenue. These two streams of revenue are often insufficient to provide the resources necessary to support a professional office manager for the affiliate.

Some of the SECA affiliates have ventured into the realm of state and federal contracts which have supported a professionalization of the management within those affiliates; however, for most of our groups, this is currently not an option. This has also provided a challenge to maintain functional capacity as grant/contract funding has become competitive once more or the original focus of the programmatic component has changed.

As we explore revenue sources that might be available to support the affiliate, we need to formalize a process to develop a plan to support operations and mission.

This plan:

◊ Should be flexible enough to change as conditions warrant

◊ Provide details for effective implementation

◊ Set goals to be achieved as the plan is implemented

So, how do you get started?

Step 1: Develop Your Fundraising Goals

Determine why are you trying to raise funds.

⇒ Is it to support operations?

⇒ Are you implementing a new program and these funds will be project specific?

⇒ Do you have a budget deficit that you are trying to close?

⇒ Are you trying to replace grant or contract funding to ensure that an operational component remains in place?

⇒ Are you trying to build your endowment?

These are all questions that you must ask at the beginning of the process. How you answer them will determine how you proceed with your planning and what strategies you employ in your fundraising efforts.

Step 2: Develop Your Plan Based on Goals

In Step 1, you determined why you needed to develop new revenue sources. Your plan should incorporate those goals and ***clearly indicate how, why, who and when***. The plan should be written and disseminated among stakeholders.

You may choose for staff to develop an initial plan that is vetted by the Board. You may decide to create a stakeholder Task Force to develop the plan that is then reviewed and edited by leadership. Once everyone agrees, the plan should be formally adopted by the governing board.

Step 3: Determine How Much Your Plan Will Cost to Implement

Remember, there will likely be costs associated with the plan, particularly in terms of staff time and resources. You may be fortunate to have "pro bono" resources from experts in marketing and fundraising that will support your efforts, but there will still be costs (printing, postage, technology support, special events, etc.) associated with this process. Will the revenue generated be sufficient to meet your goals or just offset the additional costs incurred? If you're not generating resources above the cost of securing them, the plan needs to be fine tuned to look at a different approach.

Step 4: Set An Implementation Timeline

As you develop your plan, make sure that proposed activities and strategies are aligned with your organizational calendar. Nothing gets done if deadlines and timelines aren't established.

For example,

* If the annual conference is the best time to make contact with the majority of your members, how can a fundraising campaign be aligned?

* If you are planning a dues increase, what is required in your by-laws for member notification or voting?

* If you are planning a special event to raise revenue, how much planning time is required to effectively develop the program and market it?

Step 5: Identify Funding Sources

Take the time to explore funding opportunities, based upon the goals of your plan. The Internet provides a wealth of information. Some good website resources are listed in the January 2015 issue of *The Leadership Letter*.

Step 6: Constantly Evaluate Your Success

Based on Steps to a Fundraising Plan for a New Nonprofit

Fundraising & The Board of Directors

As we highlighted in the March 2015 issue of *The Leadership Letter*, the governing board of an association has certain fiduciary responsibilities in regard to that organization. The board has three "duties" under corporate law:

- **Duty of Care**: The responsibility to exercise reasonable care when making a decision for the organization.
- **Duty of Loyalty**: A responsibility to ensure that proprietary association information is not utilized for personal gain.
- **Duty of Obedience**: A responsibility to be faithful to the organization's mission.

The governing board is also responsible for ensuring that the organization follows the law, approving key contracts, hiring and evaluating the executive director, and maintaining a financially solvent organization.

The governing boards of most organizations also have a responsibility to support fundraising on behalf of that organization. Personal financial support and donations are often required of board members. It's difficult to ask others to donate if the board doesn't do so.

When a new member assumes a board position, it should be made clear that they are expected to assist in fundraising efforts and to make a personal donation if required. This support may include:

- ◊ Identification of potential donors or funding sources
- ◊ Writing thank you notes or making thank you calls to donors
- ◊ Introductions to major donors
- ◊ Volunteer support by soliciting auction items or helping to organize a special event
- ◊ Personal donations of any amount

Based on What the Heck Do Nonprofit Boards Do?

Overcoming Assumptions

As you develop your plan, you need to take a hard look at some of the assumptions that you've made. You've probably discarded some old "tried and true" strategies because you thought they were no longer viable in this new world of fundraising through the Internet and social media.

One thing remains true regardless of which decade you're implementing a fundraising plan.

Fundraising is fundamentally based on relationships and the connection that a potential donor has to your cause.

You can develop all the "slick" fundraising materials that you wish but they are most effective when someone presents them to the potential donor. In a person to person contact, you have the opportunity to "sell' your cause and encourage the potential donor to become as enthusiastic about what your organization is accomplishing as you are.

You might also assume that fundraising is only grants or sponsorships but there are many other options to meet your goal of bringing diversified revenue to the association and its projects.

Here's a "laundry list" of potential fundraising strategies. We know you've seen many of them before and have probably implemented a few!

- Major gifts (insurance policies, estate bequests, donations that are tax deductible)
- Year-end appeal letters (finish the year with a tax deductible donation)
- Online giving
- Monthly giving plans
- Board member fundraising
- Phone-a-thon (maybe with the support of a local TV or radio station)
- Sponsorships (speakers or food events at annual conference)
- Cause marketing ("selling" the organization to like-minded individuals)
- Corporate giving (corporate foundations or corporations that support your cause)

Some things to note as you decide which strategies you wish to employ:

1) According to Giving USA, donations from America's individuals, estates, foundations and corporations reached an estimated $373.25 billion in 2015. The majority of this money came from individuals.
2) Face to face "asks" work about 50% of the time.
3) Personal phone calls work about 25% of the time.
4) Direct mail letters usually get about 1-3% return.
5) Special events are the worst way to make money and bring in the least amount of return for the most effort.

Take a look at the recent campaign of Bernie Sanders. It was funded almost entirely by individual donors giving small amounts. Numbers count!

Based on Creating Your First Fundraising Plan: What Works and What Doesn't

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Promoting Quality Care and Education for Young Children and Their Families

SECA is a "Voice for Southern Children"

This newsletter was written and produced by Glenda Bean, SECA Executive Director

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The Southern Early Childhood Association (SECA) is a regional organization committed to promoting quality care and education for young children and their families. SECA is committed to providing leadership and support to individuals and groups by:

- *Enhancing the quality of young children's lives through early childhood care and education.*
- *Supporting families in their roles of caring for their children.*
- *Fostering the professional growth and status of individuals working with young children and their families.*

SECA is a "Voice for Southern Children"

Other Resources from SECA:

The Leadership Letter, March 2016: *Change is in the Air!*

The Leadership Letter, March 2015: *The Legal Side of Board Service*

The Leadership Letter, January 2015: *Grants*

The Leadership Letter, January 2016: *Strategic Planning*

Using Technology: Social Media & E-mail

It's a new world and online fundraising is now an integral part of any organization's plan. Almost all non-profits have a Facebook page and it includes not only networking opportunities but provides marketing options and visibility to an organization.

If you're going to develop a social media or e-mail fundraising strategy, there are some things to remember.

1. **Get Legal**: Most states have some sort of registration process for fundraising. Check with your state's Secretary of State to make sure you've compiled with all applicable laws. If you're fundraising across state lines, you may have to register in those states as well. (This applies to other fundraising strategies that you might employ….be sure to check.)
2. **Market Constantly**: A "donate now" button on your website isn't enough. Design and employ a variety of media strategies that keep you in front of potential donors often. Include social networking sites in your plan.
3. **Use Your Website**: Make sure it's "donation worthy" by being user friendly and updated. Put your best foot forward and make it easy for persons to donate.
4. **Be Considerate**: Nobody wants an in-box filled with multiple solicitations. Design your strategy to be effective but respectful of the time and privacy constraints of possible donors.
5. **Develop a Variety of Donor Options**: Not everyone wants to donate in the same manner. How can you make a donation more attractive...perhaps options that restrict the donation to a certain initiative?
6. **Showcase What Donations Have Done**: Let folks know how donations have supported a particular project or function in your organization. Always gain donor approval before listing anyone as a donor.

If you need help drafting e-mail or donor letters, check out these articles: Nonprofit Writing 101: Fundraising to Social Media and 8 Ways to Write a Better Fundraising Letter. Don't forget to say "thank

SECA BLOG

Please visit the SECA Blog to engage in a conversation around early childhood topics that are important to you! You can connect with the blog here.

Could a website blog be one avenue to reach potential donors? How could you use this tool effectively?