

Time to Launch a Capital Campaign?

By Alden F. Briscoe

The pandemic motivated many nonprofits to put capital campaigns on hold or put off launching capital or endowment campaigns in 2020. Some are asking us whether it's time to launch or relaunch such a campaign. Here are some considerations if you are considering how or whether to proceed with a campaign.

MISSION, VISION, NEEDS

If you were thinking about a campaign before the pandemic, you should reflect on your reasons for the campaign. Given COVID and the economy, do the previous goals of the campaign still make sense? Or are they perhaps more urgent? Or are there other purposes for the campaign?

ASSET VALUES

Capital or endowment campaigns reach goal based on a small number of large gifts. Such large gifts normally come from assets and not from earnings. Potential donors normally hold their assets either in real estate or in securities.

Real Estate Values

Real estate values are currently high. To be sure, the National Association of Realtors reports that the number of commercial real estate sales decreased by 7% in the last year as many companies are unloading real estate and allowing as many employees as possible to work from home. However, residential and vacation real estate continue to gain value. We suspect that many individuals are looking for larger houses so they can work from home, and this is keeping the real estate market high in many areas.

Stock Market Values

As I write this the Dow is over 30,000 and the NASDAQ is over 13,000, both ridiculously high values. Both have continued to climb for the last five years. Though it is impossible to predict what will happen in the future, even if the market drops 20%, most investors are doing extraordinarily well.

Based on asset value, now is a good time to start or restart a capital campaign.

ECONOMIC OUTLOOK

No one likes to begin a campaign in uncertain economic times. While economists differ on the speed of the expected recovery, the consensus is that economy will improve.

Based on the economic outlook, now is a good time to start or restart a capital campaign.

THE PANDEMIC

The pandemic – and the US response to it – has had a huge impact on the economy, societal relations, employment, and many other factors. The US leads the world in the number of cases and in deaths. Over the last two months the number of cases and deaths have been declining rapidly, from a rolling seven-day average of 230,000 new cases and over 3,000 deaths to under 100,000 new cases and about 2,000 deaths. Three vaccines are now approved by the CDC for use

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in the US, and over 90 million doses (and growing) have been given.. Whether it takes a few or many months to reach herd immunity, we are going to get there in 2021.

Based on the pandemic outlook, now is a good time to start or restart a capital campaign.

POLITICAL UNCERTAINTY

No one wants to start or restart a campaign in the midst of political turmoil. Over the last four years we have seen political animosity and uncertainty. A divided Congress and a president with an inarticulate political agenda have led to minimal legislative accomplishments by the federal government. President Biden comes in with a moderate, center-left agenda, and a united legislative branch. Such a situation is likely to result in few radical changes but some progress in areas where there is a political consensus.

Based on the political outlook, now is a good time to start or restart a capital campaign.

INABILITY TO MEET WITH DONORS

Having grown up on a dairy farm I know that cows don't give milk because of phone or fax; traditionally getting dairy cows to produce requires your being present and applying your hands. Similarly, we have all learned that fundraisers need to actually meet with donors to get them to commit to major gifts. With the pandemic, for the most part we have not been able to meet with donors – or much of anyone – physically, but have had to use video conferencing to talk to our donors and even our children, parents, grandparents, and grandchildren. We have learned that we can do that, and although the figures for 2020 are not in yet, it appears that major donors have stepped up. And for those donors who need to be met with face to face, the time of social distancing is likely to be over in 2021 or, at worst case, in 2022.

Based on our ability to meet with donors, now is a good time to start or restart a capital campaign.

LACK OF DIVERSITY

The US has experienced racial strife for four centuries. Over the last year with the killings of George Floyd, Briana Taylor, and others, some majority members of society have become more cognizant of the existence of these problems. Foundations, corporations, and individual donors are increasingly insisting on diversity in boards and staffs of non profits to whom they are making gifts; and non profits, some of which lacked diversity, especially in their boards and top staff positions, are taking this to heart and are recruiting more diverse executive staffs and boards. Our search division, Brakeley Search, has been successfully responding to pleas by our clients to find diverse candidates for top positions. During the last three years 46% of our CEO/ED placements and 26% of our chief development officer placements have been people of color, women, or members of the LBGQT community.

Based on the issue of diversity or lack thereof, now is a good time to start or restart a capital campaign.

COMPETING WITH POLITICAL FUNDRAISING

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There is a close correlation between political and philanthropic giving. In other words, individuals who give to non profits are also likely to give to political campaigns. Giving to the 2020 political campaigns, according to Brian Schwartz of NBC, amounted to \$14 billion, the most in history for any political campaign. According to The Center for Responsive Politics, giving to the two Georgia Senatorial runoff campaigns amounted to \$833 million. Many of those donations constitute money which did not go to non profits. But the 2020 election is over, and the next national election will not come until 2022.

If you don't want to have to compete with political fundraising, now is a good time to start or restart a capital campaign.

BEING AT THE HEAD OF THE LINE

In some communities the number of potential major donors or potential campaign leaders is limited. If your organization doesn't zero in on such individuals either for their money or their leadership, another organization may. If it's time to launch or re-launch a campaign, you want to be at the head of the line.

Based on being at the head of the line, now is a good time to start or restart a capital campaign.

THEORY AND PRACTICE

Everything we have written so far is theory. It ought to be a good time to start or restart a campaign, but we have so far not given any examples of non profits which have conducted successful campaigns in the current environment. Obviously we can't point to large numbers of such organizations which have already launched or relaunched successful campaigns but here are some examples which may be useful.

Current Situation

We are currently working with a client in southern California. We recently completed a campaign planning study and they are beginning a capital campaign. While we can't release specific numbers, early indications of success are extremely positive.

Analogous Situations

In October 1987, at the beginning of a serious economic downturn, Widener University of Chester, PA, was considering launching a capital campaign. On October 19, known as Black Monday, the Dow Jones Industrial Average dropped 508 points, or 22.6%, the largest percentage one-day drop in history. The University chose to go ahead with its \$20 million campaign, which raised \$22 million over the five year span of the campaign. (A later campaign, launched in 2008 and completed in 2015, raised \$64.7 million, surpassing its goal by \$6 million.)

In 2005 Pepperdine University in Malibu, CA, kicked off its campaign. The campaign weathered the 2008 "worst recession since the Great Depression" and ended up in 2014 raising \$470,849,319.

In September 2008 St. John's High School of Worcester, MA, was considering a \$20 million campaign. Despite the advent of the economic crash, the school chose to go ahead. It took them a few extra months, but they reached their \$20 million campaign goal. At the same time St. Mary's

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College in Notre Dame, Indiana, decided despite the economic crisis, to move ahead with its campaign. They had hoped to raise \$100 million but set a more conservative \$80 million goal which they announced in 2013, having raised 75% of the goal. The college closed the campaign in 2015 having raised \$105 million.

So yes, non profits may have some trepidation about starting a campaign at this time. But there is precedent for starting or restarting a campaign in a time like now.