The Annual Fund:
A Building Block for Fund Raising

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Introduction by Robert Schwartzberg

In revising this chapter, which Hank Rosso wrote more than a decade ago, the first thought that came to mind was the old favorite, tried and true "If it ain't broke, don't fix it!" After numerous readings of the chapter and considerable thought, I realized it ain't broke and I'm not going to fix it. Sure, I've made a few changes—a word or two here, a phrase or update there. But overall, this chapter is still Hank's, it is as current, vital, and valid today as it was when he wrote it.

As a development officer and a fund raising practitioner for nearly a quarter of a century, I have continuously applied the lessons in this chapter with great success. From planning to implementation, the lessons that Hank teaches are the steps to achieving the successful annual campaign that each organization requires as the foundation of its fund development efforts.

Over the years, it has become apparent that there is a greater need than ever for nonprofit organizations to have a strong and carefully thought-out annual campaign. Pay careful attention to this chapter and compare your own annual fund raising campaign plans to it. If you have a plan for an annual fund raising campaign and apply the lessons in this chapter to it, your campaign will be much stronger. Conversely, if, like too many nonprofit organizations, you do not yet have a carefully thought-out, defined, and written annual campaign plan, this is an excellent opportunity to create a plan and a campaign in a manner that has proved to be successful over and over again.

THE ANNUAL FUND:
A BUILDING BLOCK FOR FUND RAISING

The annual fund is the building block for all fund raising. It serves to establish a base of donors that can serve as an effective device to involve, inform, and bond a constituency to the organization. It can further serve as an instrument that compels accountability to the cause the organization is serving.

With a successful annual campaign, the organization can go on to bigger and better things in addition to providing a steady flow of income for programs, services, and activities it provides for the community.

Without an annual campaign, an organization often finds itself involved in crisis fund raising, which is also known as "give us money or we will have to drop the program, go out of business, fail to provide for people who need us—and it's going to be your fault!" With a successful fund raising program that is built around an annual campaign, this will not be the case. Instead there will be a carefully thought out, planned, and implemented approach to raising necessary money in an orderly and timely manner.

In formulating and executing programs in service to their missions, nonprofit organizations incur a variety of financial needs. Fund raising has the functional responsibility to secure money, gifts-in-kind, or noncash gifts, volunteer services, and a range of additional services from the community.

The annual fund is the cornerstone and the key to success for all aspects of the fund raising program. The objectives of this chapter are to identify the principles and techniques that pertain to the annual fund, to explain the "arithmetic of fund raising" that can facilitate the preparation of a plan, to describe a planning tool called the Ladder of Effectiveness, and to offer methods to apply these principles and techniques.

The focus of the discussion will be on individuals as primary contributors to the annual fund rather than corporations, foundations, associations, or government. The bulk of the money that is given away annually in the United States, historically around 75 percent, (AAFRC Trust for Philanthropy, 2002), comes from individuals. It stands to reason, then, that they represent the most reliable source of givers to the annual fund. Of course, corporations and foundations do give to the annual fund.

Reasons for Giving

People make philanthropic gifts for many different reasons. They are moved to give by the urgency of the community's needs. In addition, they will give because they respect the organization's commitment to carry out programs that are responsive to the needs that are central to its concern. However, an important axiom in fund raising says, "People will not give simply because the organization needs money." Contributors will not give simply to help an entity balance its operating budget. Veteran fund raising professionals often use another axiom to emphasize one of the "carved in stone" principles of fund raising: "People do not give to people. They give to people with causes." To this piece of wisdom can be added another: "They give to people who *ask* on behalf of causes."

Individuals tend to give from three sources: discretionary or disposable income, their assets, and estates. The annual fund generally seeks funding from individuals' discretionary income. This statement does not seek to belittle the practice of sacrificial giving. People with strong religious belief or those who share a tradition of philanthropy, will tend to give sacrificially. For the most part, however, the bulk of contributors will not make any gift that will compel them to give up something important in their lives or cause them to change their standard of living. Nevertheless, they continue to give generously to causes.

Contributors will give for current program support, to meet a special need, for capital purposes, or to help build the organization's endowment holdings. This sympathetic broad-based giving pattern is not haphazard. The interests of the contributor must be nurtured. Involvement is invited through the annual solicitation of gifts to the annual fund. The very process of solicitation can encourage the contributor to become more knowledgeable about the organization, more understanding, and therefore more supportive.

For this important reason, the annual fund is much more than an unrelated series of special events, direct mail, phonathons, e-mails, on-line giving, broadcast faxes, and other activities. It is a thoughtfully devised and executed plan that creates a strong force of advocates who will dedicate themselves to the organization's advancement through their philanthropy and volunteer services.

The primary objectives of an annual fund should be the following:

- To solicit and secure a new gift, repeat the gift, and upgrade the gift
- To build and develop a base of donors
- To establish habits and patterns of giving by regular solicitation
- To seek to expand the donor base by soliciting gifts from new prospects
- To raise annual unrestricted and restricted money
- To inform, involve, and bond the constituency to the organization
- To use the donor base as a vital source of information to identify potential large donors
- To promote giving habits that encourage the contributor to make capital and planned gifts
- To remain fully accountable to the constituency through annual reports

Table 8.1 summarizes these points. The development process embodies the total development program. The annual fund serves as the basis for the process and involves gifts through the major gift level.

The Arithmetic of Fund Raising
The annual fund can be enhanced by following time-tested working principles. Perhaps the most important principle of all is the one that pertains to the "arithmetic of fund raising." In planning for an annual fund, the arithmetic of fund raising concept directs the fund raising practitioner to determine the quality and number of gifts that are required to achieve the organization's goal. Decisions about the plan's strategies should be delayed until the following determinations have been made:

- What quality of gifts is required, and how many are needed in each category?
- What should be the ratio of prospects to donors?
- Does the donor base have the number of prospects to support the ratio?
- Is it realistic to expect that these prospects can be identified?
- If these questions cannot be answered clearly and factually, then is the goal for the annual fund realistic?

The use of such arithmetic to determine the number of quality gifts that are required to ensure the achievement of a fund raising goal had its genesis in the planning for capital campaigns. This planning device been employed equally successfully as a method to determine the course of an annual fund. Such aids as *gift range charts* or

standard-of-gift charts are common in the capital campaign; they also have their application to the annual fund.

The Fund Raising School promotes the use of gift range charts in planning for both capital and annual fund raising campaigns. The chances for success will be made stronger if a determination can be made about the numbers and quality of gifts that must be produced to ensure that a goal is reached.

Table 8.1. The Development Process.

The Objective	The Process	What is Required
Identify potential prospects	List development	Build lists of, identify and research constituents
Convert potential prospect into qualified prospects	Test list effectiveness identifying linkages	Refine prospect development
Convert qualified prospects into initial donors	Build on linkages, test interest, ask, acknowledge	Solicit by personal contact via telephone, direct mail, and special events
Convert initial giver into donor of record	Build on interests and linkages, ask, acknowledge	Report use of gift, invite to renew
Increase the gift	Research, build on linkages, interests, inform, ask, acknowledge	Report, involve, invite to renew and increase gift, use gift club concept
Secure special gift ($1000+)	Continue research through linkages, involve, build on interests, ask, acknowledge	Describe special needs and how money is used, solicit personally, invite to gift club membership
Secure major gift ($10,000 +)	Use all linkages to validate as major prospect, ask, acknowledge, reward	Involve in institution: planning, case evaluation, needs determination, cultivation events, personal letters
Secure big gift	Continue involvement through linkages, add to interests, foster desire to give, ask, acknowledge reward	Report, involve constituent as important advocate, involve through cultivation events, personal reports, personal contacts
Secure planned gift	Continue involvement create feelings of belonging to and identifying with institution, foster mutuality of interests	Strengthen linkage, strengthen involvement

Source: The Fund Raising School, 2002.

The arithmetic concept as it pertains to the annual fund means that a large amount of the money to be raised will come from a small number of contributors who are encouraged to provide what will necessarily be larger gifts. The formula is as follows:

- The top 10 percent of the gifts received during the annual fund have the potential to produce 60 percent of the money required to meet the goal.
- The next 20 percent of gifts will account for 15 to 25 percent of the money required.
- The remaining 70 percent of gifts will cover the remaining 15 to 25 percent of funds required.

It is generally accepted among professional fund raisers that 3 to 5 percent of contributors enrolled in an organization's donor base have the ability to make major gifts. When this supposition is applied to the gifts that are needed to properly achieve a goal, it follows that 10 percent of the gifts generated for an annual fund indeed have the potential to produce 60 percent of the funds received through gifts.

To make this principle work, the top two gifts that should be sought in the annual fund must each equal 5 percent of the goal. For example, if the goal is $500,000, then each of the top two gifts should be $25,000 for a cumulative value of $50,000. All other gifts in the arithmetic computations should scale down from the $25,000 level. The gift distribution can be evaluated by using the previously mentioned *gift range chart*. This planning tool aids the fund raiser in determining the optimal gift distribution. Tables 8.2 and 8.3 illustrate how the computations can be made.

In Table 8.3, the goal of $60,000 is more typical of the amount of money that would be sought by a smaller organization with limited current program support requirements. The purpose of the chart's goals of different sizes is to avoid the necessity of asking for smaller gifts, which are costly to raise. Such gifts should be acknowledged properly when received, but they should be less actively solicited than the larger gifts listed in the table.

Certain principles become apparent quite readily. The gift range chart gives form to the planning. The initial planning focus is not on a range of activity but on the more practical aspects of fund raising, the acquisition of large gifts that will make the critical difference in achieving the goal. From the two gift range charts, several concerns can be addressed. First, how many gifts and at what amount must the fund raising team produce to make the goal? Are the prospects available? If not, what can be done about it?

The chart is a flexible instrument. The ratio of prospects from the top of the chart to the bottom of the chart may be changed to coincide with the reality of the donor base and the availability of prospects that are required at each gift level. Flexibility pertains also to the numbers of donors and prospects that are required at each gift level. In some situations, it may be possible to secure more than the required two gifts at the top of

each chart. Do not deny the reality of the figures, but be assertive when identifying prospects. Only through continual research will prospects be found.

It is easy to submit to the rationale that many small gifts will be easier to secure than the two largest gifts. But this will require that five hundred $100 gifts substitute for two $25,000 gifts in Table 8.2; this means that four hundred prospects must be solicited to secure the substituted one hundred gifts.

Table 8.2. Annual Fund Gift Range Chart: $500,000 Goal.

Gift Range ($)	Number of Gifts	Cumulative Number of Gifts	Number of Prospects	Cumulative Number of Prospects	Total Per Range	Cumulative Total
25,000+	2	2	10 (5:1)	10	50,000	50,000
10,000	4	6	20 (5:1)	30	40,000	90,000
2,500	18	24	72 (4:1)	102	45,000	135,000
1,000	30	54	120 (4:1)	222	30,000	165,000
500	110	164	330 (3:1)	552	55,000	220,000
250	320	484	960 (3:1)	1,512	80,000	300,000
	10% of gifts				*60% of goal*	
100	1,000	1,484	3,000 (3:1)	4,512	100,000	400,000
	20% of gifts				*20% of goal*	
Under 100	3,334	4,818	6,668 (2:1)	11,180	100,020	500,020
	70% of gifts				*20% of goal*	

Source: The Fund Raising School, 2002.

Table 8.3. Annual Fund Gift Range Chart: $60,000 Goal.

Gift Range ($)	Number of Gifts	Cumulative Number of Gifts	Number of Prospects	Cumulative Number of Prospects	Total Per Range	Cumulative Total
3,000	2	2	10 (5:1)	10	6,000	6,000
1,500	4	6	20 (5:1)	30	6,000	12,000
750	12	18	48 (4:1)	78	9,000	21,000
500	18	36	72 (4:1)	150	9,000	30,000
250	24	60	72 (3:1)	222	6,000	36,000
	10% of gifts					*60% of goal*
100	120	180	360 (3:1)	582	12,000	48,000
	20% of gifts					*20% of goal*
Less than 100*	400	580	800 (2:1)	1,382	12,000	60,000
	70% of gifts					*20% of goal*

* Average Gift: $30.

Source: The Fund Raising School, 2002.

In Table 8.2, it is truly possible to secure 484 gifts from 960 prospects to reach the 60 percent mark, particularly if these prospects are part of the donor base that has a history of giving to the organization. Included in the prospect listing are individuals, associations, foundations, corporations, small businesses, and others who give to annual funds. The only relevant criterion here is, do they give to current program support?

In Table 8.3, sixty gifts are required from 222 prospects to achieve 60 percent of the goal. This can be easier than scheduling a host of special events or filing a host of grant applications with foundations and corporations. This is especially important to understand since most corporations and foundations prefer not to give for annual support purposes but rather for specific programs or projects.

The range of gifts dictated by the gift range charts gives eloquent testimony to the role of the annual fund in developing an involved and informed donor base. Within that base are individuals with the capability of making an extraordinary gift to the organization. Yet in many cases, the gift will not be made simply because the organization has not asked for it. It is axiomatic that the contributor will give only at the level of his or her perception of what the organization requires. If the gift is not actively sought, the larger gift in most cases will not be made. Rightfully or wrongfully, the potential contributor will assume that the larger gift is not needed or that the organization is unable to handle large gifts. This is especially true when gifts of appreciated stocks are involved, as is the case often with large gifts.

One of the many realizations that surface through the gift-scaling technique imposed by the gift range chart is that the potential for the large gift lies within the base.

The Principles Behind Effective Fund Raising
Fund raising is relatively straight forward as a concept, but it is a demanding taskmaster. Attention must be given to the simple management rules that can make a difference. One of the simplest of these rules is to scrutinize and analyze the gift potential in the donor base before making any effort to put the fund raising plan on paper. Ask and seek answers to the hard question: "Are there sufficient prospects within the base that have the capability to give at the level that is required?"

Profiling the base annually or semiannually provides the organization with a wealth of information about the potential giving patterns of its constituency. An understanding of this pattern can be a major benefit to the fund raising program. The following questions should be asked about the donor base:

o   How many donors give annually?
o   What is the frequency of the gift? Once a year, twice a year, or more often? How many donors give on a monthly basis? What is the date of the most recent gift?
o   What is the level of giving? How many give $1,000 or more a year? $500 to $1,000? $250 to $500? $50 to $100?   Less than $50?

o   Is there a pattern of the gift being repeated but not upgraded over the years?

o   Is there a regular request made that the gift be upgraded?

o   Do the records indicate the names of donors who give consistently to the annual fund as well as make special-purpose, capital, or endowment gifts during the course of the year?

o   Is there a specific person identified as the solicitor of the gift?

o   What is the pattern of giving by staff members, trustees, and members of advisory councils or non-board-related support committees?

This is prospecting, the eternal search for vital information that is so important to fund raising. It is an essential part of the fund raising office's knowledge. This information will enable the person planning the fund raising program to identify the potential gifts required by the gift range chart.

As the form in Table 8.4 shows, the data retrieved from the donor base as a result of this search can be organized easily to analyze the base's potential. These data should reflect the number and dominance of gift ranges over the past four years.

Table 8.4. Form for Organizing Donor Data.

	Number of Gifts and Total Contributions ($)			
Gift Ranges ($)	*Current Year*	*Last Year*	*Two Years Ago*	*Three Years Ago*
1,000-5,000				
500- 999				
250- 499				
100- 249				
50- 99				

By replacing numbers of gifts with names of prospects, these data can be converted to a workable form. Mal Warwick refers to the strategic qualification of donors and the acquisition of donor information. This measurement could be applied to all gifts of $100 or more. Gifts at this level show a greater tendency to repeat and to be upgraded, thus creating the opportunity for the solicitation of a special gift, major gift, or planned gift.

In fund raising parlance, *longevity* refers to the number of years that the person has been giving, *frequency* to the number of gifts made during the year, *recency* to the date of the most recent gift, and *amount*, of course, to the dollar value of the annual gift or the cumulative value of multiple gifts made that year. These bits of information become

the determining factor in evaluating whether a donor of record might respond positively to a request for one of the larger gifts designated on the gift range chart.

Reckless guessing has no place in fund raising planning. Hard questions require hard responses. If a goal is to be justified, then the justification must come in the form of hard information that the numbers of prospects required are indeed available and that the prospects do have the ability to give at the level indicated by the gift range chart.

In Table 8.3, for example, 222 prospects are potentially required to produce 60 gifts. Are the prospects available? If the response is yes, then the plan should be activated to solicit each prospect with the hope that the designated gifts can be secured. If the precise number of prospects at the top level ($1,500 to $3,000) cannot be identified, then the fund raising planners must make some serious decisions. Is the $60,000 goal feasible? The answer may well be yes if the prospects listed against the numbers required at the top of the chart are quality prospects. There is a better-than-average chance that they will make the gift if properly approached by the right soliciting team.

The prospect-to-donor relationship depicted on the two gift-range charts in Tables 8.2 and 8.3 may seem imposing and perhaps somewhat disconcerting to both the fund raising professional and the fund raising volunteer with little experience. The question asked may reflect such despair: "How is it possible to solicit so many prospects effectively? That will require an army of trained volunteers. How can they possibly be recruited to the task?" This is a reasonable reaction. The questions are logical and appropriate. If money is to be raised, prospects must be solicited. But first, the soliciting volunteers have to be recruited. This can be achieved with the understanding, in the planning stages, that this recruitment is not only indispensable but also a first priority. Recruitment, followed by proper training, will permit the assembly of a motivated cadre of volunteers who can and will be able to solicit the necessary gifts.

The Ladder of Effectiveness
The ladder of effectiveness (see Figure 8.5) may serve to allay some of the fears that naturally surface when the reality of solicitation must be confronted. By understanding how the different ways to solicit a gift will affect the results of the solicitation, volunteers can reduce their fear of rejection and develop realistic expectations of their choice of solicitation. In descending order, the ladder portrays the relative effectiveness of the various methods used to solicit gifts. Each step down the ladder indicates diminishing effectiveness in the soliciting procedure. Face-to-face solicitation by a peer of the prospect is far and away the most effective method; solicitation through media or by direct mail is the least effective.

Personal Face-to-Face Visit. A personal face-to-face visit by a team is far and away the most effective method. Two people make up the team: a peer of the prospect accompanied by the organization's chief executive, the fund raising officer, a program person, or another volunteer. The peer is a volunteer, the best link to the prospect, and an advocate for the organization; the staff person is the expert witness, there to answer any questions and to make sure that the volunteer makes the ask.

A face-to-face visit by one person can be an effective approach if the person is knowledgeable about and committed to the organization's mission and feels comfortable about soliciting. If the person is uncomfortable or reluctant to solicit, do not risk an ineffective solicitation, which can be awkward for both the solicitor and the prospect.

Figure 8.5. The Ladder of Effectiveness.

1. Personal: face to face
   - Team of two
   - One person

2. Personal letter
   (on personal stationery)
   - With telephone follow-up
   - Without telephone follow-up
   Personal telephone
   - With letter follow-up
   - Without letter follow-up

3. Personalized letter, Internet

4. Telephone solicitation, phonathon

5. Impersonal letter, direct mail, e-mail

6. Impersonal telephone, telemarketing

7. Fund raising benefit, special event

8. Door-to-door

9. Media, advertising, Internet

Source: The Fund Raising School, 2002.

Solicitation by Letter. A peer writes to friends, colleagues, and family members on personal stationery, ideally with a preaddressed reply envelope enclosed, to encourage and facilitate a response to the solicitation. Follow-up strategies include a phone call to the prospect a day or two after the letter has been received. Another option would be to wait seven to ten days. If there is no response by then, the solicitor phones the prospect to follow up on the solicitation.

If the prospect fails to respond to the letter appeal and the solicitor declines or fails to place a follow-up call to request the gift, then usually a gift will not be made.

Solicitation by Phone. A personal telephone call placed by a peer, with or without a follow-up letter, will have a similar result as the solicitation by personal letter. The chance of eliciting a gift is far greater with a follow-up letter or even a reminder e-mail than without such follow-up. In fact it is often the follow-up that motivates the prospect to make the gift. A response mechanism included in the follow-up letter or e-mail will make it easier for the prospect to make a gift.

Each of the procedures discussed so far requires some form of personal contact and often follow-up with each potential donor. In Table 8.2, each of the 222 prospects listed against the $1,000+ gift level represents a major opportunity to secure a gift. Each prospect must be approached on a personal basis by no less than personal visit or a personal telephone call.

If at all possible, the personal approach should even be extended to the prospects in the $250 to $999 categories. These prospects are too valuable to the program to be relegated to the impersonal approaches. An impersonal approach to the potentially major contributor is a grievous error of strategy.

The descent down the ladder continues, with the understanding that the remaining steps are far less effective in obtaining substantial gifts.

Personalized Letters and E-mail. Once you have identified all of the prospects who will be contacted personally by visits, telephone calls, or personal letters, the organization now turns to its "house list" of other known prospects: donors, lapsed donors, clients, staff members, individuals who receive newsletters, and any other constituent with an active tie to the organization. The personalized letter should include the prospect's name and address in the letter; both letter and e-mail should use the name in the salutation. Upgrading and renewal mailings are sent to appropriate segments of these lists. Many organizations are successfully adapting the personalized letter to a personalized e-mail. Whenever possible, identify people who prefer being contacted by e-mail; build a separate list of these people, and tailor solicitations to these e-mail prospects.

Impersonal Letters and E-mail. Impersonal letters and e-mailings are also known as direct mail and have a unique place in the annual campaign. It is not an efficient tool in raising funds for the organization, but it is a useful way to acquire new donors. An organization must continuously seek new donors to replace those lost through attrition. The least expensive way with the largest reach is through direct mail or the Internet. Mail and e-mail lists can be purchased, rented, borrowed from other organizations, or obtained from current board members and friends of the organization, government lists, and other sources. Since these lists are made up of *potential* prospects, not prospects, the response will not be nearly as successful in raising funds as the personalized letter. It is a fact, however, that a donor acquisition mailing can cost more than it brings in and yet still be considered successful if it enables the organization to obtain new donors.

Impersonal Telephone Calls. Impersonal telephone calls, often made as part of a phonathon, though successful for some organizations, are not an effective fund raising tool. Whether they are conducted by volunteers, the organization's staff or paid telemarketers, they can be counterproductive and annoying to the recipient. In addition, though "cold calling" may obtain pledges, the amount collected can often be far less than the amount pledged. Add to this the increasing use of voice mail, answering machines, and caller ID, and the organization will find it necessary to make numerous calls just to get to speak to a person and not a machine.

Fund Raising Benefits and Special Events. These are activities that are staged for a variety of reasons, one of which is to raise money for current programs and operating support. Typical special events will produce 50 percent net revenues for the organization. Other valid reasons and benefits include opportunities to educate the community about the organization's work; to recognize and honor volunteers, donors, and other supporters; to improve the organization's image in the community; and to recruit and involve volunteers.

Door-to-Door Soliciting. Very few organizations use this arduous method of fund raising, and even then, not with a great deal of success. Local schools, especially the students from sports teams and bands knocking on doors in the neighborhood, often have good success, especially after announcing their intentions in local newspapers and on posters in the community.

Communicating Through the Media. Advertising space in newspapers and airtime on radio and TV are costly and require a strong emotional appeal or a natural disaster of major proportions, such as a hurricane or earthquake or the tragic terrorist attacks of September 11, 2001, to elicit what are essentially impulse givers to respond. Newspaper articles and feature stories are good for publicity but rarely generate much in the way of contributions.

The Annual Fund Calendar

When should an organization raise money? Whenever it needs money to carry out its programs and to deliver its services. When is the money most urgently needed? Every day of the year. So when should the organization raise money? Every day of the year.

This ancient wisdom applies today as much as in the decades past. But variations in the interpretation may be necessary. Fund raising every day of the year would be difficult and somewhat tiring. Taking advantage of the entire year, all twelve months, is a wise use of time. This permits sufficient time for the planning, research, volunteer recruitment, cultivation, and solicitation of the critically important major donors.

July and August are heavy vacation months in the United States, so fund raising is sometimes less successful. However these months can offer manifold opportunities for cultivation visits of prospects and donors. The pace of fund raising drops off, time becomes available to review what has been accomplished, and the opportunity to adjust

and fine-tune the fund raising activity is at hand. A planning draft can be prepared for revision, updating, and expansion during the final months of the year.

Planning includes analysis – that is, a prodding curiosity about the diversity of financial needs that will affect fund raising plans in the fiscal year ahead. In addition to current program support, will there be a need to raise special-purpose, capital, and endowment money? How will this affect the annual fund plans?

The solicitation of gifts in person, by mail, by phone, through special events, and through grant applications is a year-round activity. A wisely developed plan will provide for multiple mail solicitations at carefully decided times during the course of the entire year. Some of these will be donor acquisition mailings. Others will involve upgrading mailings and appeals for special-purpose gifts.

The year's fund raising calendar will include scheduled dates for special events, some designed to raise operating funds, others planned for the purpose of attracting attention to the organization or contributing to the luster of its image, and still others as fun-filled activities to recruit, involve, or recognize volunteers.

Perhaps one of the greatest results that can accrue through the use of a yearlong annual fund calendar is flexibility. This enables work to be done with annual major gift prospects in accordance with their requirements and without the artificial constraints of an unrealistic timeline imposed by the organization. Volunteers' time must be put to judicious use throughout all of this, something that a flexible timetable would also permit. Sensitivity to the importance of building and maintaining relationships with major contributors demands it.

Building the Annual Fund Team
Team building is important in the annual fund raising process. The volunteer as a member of the team becomes a strategic force: an advocate, a peer, a link to the larger community, and an asker without a vested interest. It is essential to involve key volunteer leaders, beginning with the governing board, in the membership of an annual fund committee, either as a stand-alone committee or a subcommittee of the board development committee.

The fund raising officer, either a development officer or an annual fund director, serves in a staff support relationship to the annual fund committee. The staff professional in this support position assumes responsibility for preparing the annual fund plan in draft form for review, study, modification, acceptance or rejection by the annual fund committee. To enhance the workability of this plan, early in the planning stage, the fund raising person must involve the chair and other strategic members of the committee. This takes delicate handling. At no time should the fund raising professional lose control of the preparation process. Ownership of an idea can be negotiated. The wisdom and involvement of the committee should be included from the beginning. Certainly its wisdom and involvement are needed during the implementation period.

After accepting the annual plan, the primary function of this committee is to execute it. In accepting the plan, the committee as a whole attests to the validity of the financial needs that justify the goal. It acknowledges that the goal is reasonable and achievable. It gives evidence of the committee members' willingness to make their own gifts at the level of their capabilities at the beginning of the program, as well as to join in the soliciting process by asking other prospects to do the same.

As stewards of the organization, committee members can perform yeoman service to the cause by assisting staff members in identifying potential contributors within the constituency. Prospect research is a staff responsibility. This research can be expanded and enriched significantly through a working partnership of staff and informed volunteers who have knowledge of the financial structure of the community in which the fund raising is to be accomplished.

The annual fund should be the province of a subcommittee of the development committee. As a management force for the annual fund, this subcommittee should invite to its membership those individuals within the community who are willing to contribute the time, energy, and talent needed to ensure a successful, productive undertaking.

CONCLUSION

To sum up, the annual fund is all of the following things:

o   The annual definition and validation of program and special needs
o   The securing of funds for the year's operating needs
o   Sensitive outreach effort to identify existing and potential constituents and to invite their continuing involvement with the organization
o   Inquisitive and continual prospect research that identifies every potential gift source
o   The enrollment of capable volunteers who will provide leadership and will give and urge others to give
o   The building of links between the volunteer leadership and potential large-gift donors
o   A solicitation process that seeks to build a strong donor base by soliciting and securing a gift, repeating the gift, and upgrading the gift
o   The productive solicitation of that critical 10 percent of donors who have the capacity to give 60 percent of the annual contributions
o   The efficient compilation of records that constitute the information bank used in planning all fund raising programs
o   The acceptance of the principle that people tend not to give to people but to people who ask on behalf of a cause
o   The acceptance of the principle that the right time to ask for the gift is when the organization needs the money for worthy programs and services

- The making of annual gifts, special gifts, big gifts, and planned gifts, as a statement of conviction and commitment to the cause that the organization serves
- The strategic procedure of asking the right person to solicit the right prospect for the right amount of money for the right reason in the right way at the right time
- A coordinated plan of fund raising that uses each fund raising vehicle in a disciplined, interrelated fashion to ensure maximum income to meet the nonprofit organization's annual program and special needs
- The ongoing process of seeking and receiving supportive testimony to the fact that the organization is responding to human and social needs through valid programs that merit community support.

The annual fund is all of this and more. It is the fund raising event; the donor acquisition, renewal, and upgrading letter; the special gift letter; and the personal letter soliciting a major gift. It is also the phone calls, the door-to-door asking, collection boxes on store counters, car washes, bake sales, e-mails, and Web sites. These are the impersonal, mechanical ways to ask for money used by persons who are uncomfortable with or inexperienced in the face-to-face, personal solicitation that represents the more dynamic, more effective form of fund raising.

Hank Rosso's definition of fund raising is constantly applied to the annual fund: "Fund raising" he said, "is the gentle art of teaching people the joy of giving." And by people, Hank meant individuals. Not corporations, not foundations, but people—members of the community, the organization's constituency, its board and clients. Fund raisers must focus on the fact that the greatest single source of charitable contributions, year in and year out—as noted earlier, historically, about 75 percent—is individual gifts, and when bequests are included, the figure surpasses 80 percent. It is the job of the development officer to enable people to experience the joy of giving their gifts as much as their gifts benefit the organization.

An annual fund raising campaign requires a carefully thought out plan and timetable, people with the right abilities in the right roles, and most of all, the willingness and ability to ask for gifts. "Secure the gift, renew the gift, upgrade the gift" is the watchword of the annual fund. It is the most effective strategy to invite, involve, and bond the constituency to the organization, making it the organization's primary strength. This strength will enhance the organization's ability to raise funds for current program support, for special purposes, and for capital and endowment development because the organization will be asking a constituency that has been properly informed and conditioned by an effective annual fund to provide that support.