**EBD #6.5**

**2017-2018**

**TO:** ALA Executive Board

**RE:** Recommendations for Investment in the ALA Development Office

**ACTION REQUESTED/INFORMATION/REPORT:** Development Office Outline of Suggested Investments

**ACTION REQUESTED BY:**

**CONTACT PERSON:**

Mary Ghikas, Executive Director, ALA

Sheila O'Donnell, Director, Development Office, sodonnell@ala.org

**DATE:** April 13, 2018

**BACKGROUND:** In FY17, the ALA Development Office worked with a consultant to conduct a thorough audit of fundraising activities throughout the Association. Based on their recommendations, the Development Task Force worked with Development Director Sheila O’Donnell to put together the attached request for investment in the Development Office in FY19 – FY21.

### **ATTACHMENTS:**

**Importance of Investing in ALA’s Fundraising:**

Fundraising provides a critical and valuable opportunity to help the American Library Association strengthen its financial position. By investing in this area, the ALA will **increase funding** to support ALA activities, **bolster engagement** with ALA’s mission, and **track return on investment** using that data to inform future efforts.

**Bolster Engagement with ALA’s Mission:**

* Increased staff capacity leads to stronger donor stewardship, which helps to make happy donors. Happy donors are also happy members, which allows us to focus on our mission and make our donors and members even happier. Happy donors are also inclined to give more money.
* Giving money is a way to build engagement and investment in an organization, which in turn makes people more interested in and likely to give.
* We have a tremendous story to tell about the benefit of ALA’s advocacy work to our communities/states/the US overall. Telling that story and reaching more people with that story strengthens the Association, by giving us all an overarching, aspirational message about the value of our collective efforts. If you have good systems set up, fundraising follows that kind of powerful story. If you don’t, you lose opportunities to ask for investment in the form of donations.

**The Technology Connection:**

Successful fundraising is built on creating relationships with people, tracking donations, and using data about giving patterns and who has given to boost future asks. **The biggest single issue identified by the consultants who conducted the Development Audit in 2017 was ALA’s current technology**. Any improvement in ALA’s technology will support improved fundraising results. Here are some specific ways the technology plan will support fundraising:

* **New Constituent Relationship Management (CRM) software.** Our current CRM, iMIS, does not allow tracking of primary fundraising contact, meaning that we rely on institutional knowledge or people’s memories to know the right person to make an ask. A new CRM that is piloted with Development and the Washington Office will store critical relationships and contact with prospects of all types.
* **Reporting Dashboard**. The current fundraising reports are manually produced from Excel spreadsheets with thousands of rows, making reporting onerous, time-consuming, and preventing quick decisions about fundraising activities. A dashboard report would allow us to access data quickly and generate more targeted reports easily.

To achieve our goal to raise more funds for ALA, the Development Task Force and Office recommends that we make the following strategic investments in FY19 – FY21. Please note that we did not include the recommended technology investments in the charts below; technology investments are reflected in the ITTS plan.

**Strategic Change Scenario:**

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| This plan calls for an investment in fundraising operations that is sizeable enough to see results. The total cost of the recommended three-year pilot is approximately $800,000 above current expenses for the Development Office. Here are the components of this plan:* Upgrade the Development Coordinator Role to full time.
* Hire one Assistant Director of Major Gifts to focus on 1 – 2 divisions.
* Hire a Prospect Researcher.
* Commit to a three-year pilot, with the goal of returns at the end of the pilot.
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| **FY19 Activities** | **FY19 New Expenses** | **Explanation** |
| Upgrade the Development Coordinator role | $33,000  | half of salary & benefits  |
| New Prospect Research Associate | $55,000  | salary & benefits – hiring after first quarter |
| Additional budget for increased mailings, advertising, materials | $50,000  | ads in AL; planned giving & stewardship mailings |
| New Assistant Director of Major Gifts  | $70,000  | salary & benefits – hiring after first quarter |
| Additional travel budget for Assistant Director of Major Gifts | $15,000  |   |
| **TOTAL NEW YEAR ONE EXPENSES** | **$223,000**  |  |
| **Projected FY19 Development Office Budget Baseline** | **$420,000** |  |
| **Projected FY19 TOTAL Annual Development Office Budget**  | **$663,000** |  |
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| **FY20 Activities** | **FY20 Expenses** | **Explanation** |
| Full time Development Coordinator | $34,000  | half of salary & benefits  |
| Prospect Research Associate | $76,500  | salary & benefits |
| Additional budget for increased mailings, advertising, materials | $55,000  | ads in AL; planned giving & stewardship mailings |
| Assistant Director of Major Gifts  | $92,000  | salary & benefits |
| Travel budget for Assistant Director of Major Gifts | $20,000  |   |
| **TOTAL EXPENSES FOR YEAR TWO** | **$277,500**  |  |
| **Projected FY20 Development Office Budget Baseline** | **$438,000** |  |
| **Projected FY20 TOTAL Annual Development Office Budget**  | **$715,500** |  |

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| **FY21 Activities** | **FY21 Expenses** |  |
| Full time Development Coordinator | $35,000  | half of salary & benefits  |
| Prospect Research Associate | $78,000  | salary & benefits |
| Additional budget for increased mailings, advertising, materials | $65,000  | ads in AL; planned giving & stewardship mailings |
| Assistant Director of Major Gifts  | $94,000  | salary & benefits |
| Travel budget for Assistant Director of Major Gifts | $20,000  |   |
| **TOTAL EXPENSES FOR YEAR THREE** | **$292,000**  |  |
| **Projected FY21 Development Office Budget Baseline** | **$450,000** |  |
| **Projected FY21 TOTAL Annual Development Office Budget**  | **$842,000** |  |
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| **GRAND TOTAL ADDITIONAL MONEY FOR THREE YEAR PILOT** | **$792,500**  |  |

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| **Projected Results from individuals in 10 years with Strategic Investment** | **Returns** | **Returns FY27** |
| Restricted Funds | $403,000 | $715,000 - $1,190,000 |
| Unrestricted Funds | $28,000 | $80,000 - $135,000 |
| **Total** | **$431,000** | **$795,000 – 1,325,000** |

*\* Assumes each of the three fundraiser positions is raising 3 to 5 times their salary; annual fund has grown to $150,000; a strategic and steady increase in unrestricted dollars to 10% of our total.*

**Tracking Return on Investment:**

* Starting Year One, we will track direct measures, such as: amount of money raised; amount of money raised for the general fund; number of donors; average gift; median gift; number of renewal donors; number of new donors; and planned giving pledges.
* Indirect measures we will track, also starting Year One, include: following the recommendations of the Development Audit; increased engagement of members in fundraising; awareness of fundraising and planned giving activities by members; number of donors contacted and type of contact; and conversion rate after contact.
* **In order to track this kind of information, an investment in supportive technological systems is key.**