

Board Cafe: What is a Fundraising Feasibility Study and Is It Worth It?

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What is a Fundraising Feasibility Study and Is It Worth It?

by P. Burke Keegan

When nonprofit boards consider a special, major fundraising campaign—such as one to purchase a building or start an endowment—they often ask: Should we or shouldn't we? Can we really raise this much money? Do we have the right people on the board? Out there in the world, is our organization liked? Respected? By whom?

The lack of answers can bring organizational plans to a grinding halt. One possible solution for board quandaries is a feasibility study.

A feasibility study is an objective survey of the community that assesses the likelihood of success for a fundraising project, and identifies strategies and specific individual givers for the campaign. A feasibility study can also be useful if you are contemplating launching a new program, merging with another nonprofit, or taking a hard look at the effectiveness of the ways you do fundraising.

If you as a board member were to ask others whether they would support a campaign, your friends might feel they need to be positive, so an independent consultant usually conducts the study. Survey community leaders, prospective foundations and individual donors, and key friends (and enemies!) of your nonprofit. What you can learn by talking to people with history with the organization, and people with expertise in your field, may astound you.

A well-designed feasibility study should reveal:

- The board's real and perceived strengths and weaknesses in fundraising
- Perceptions of the organization in the community
- Who would be effective leaders for the fundraising campaign
- Names of potential major donors / funders, and what reasons to give they would be most responsive to
- When the fundraising campaign should be launched (next year? at the annual gala?)
- What other major fundraising campaigns are launching that might compete for the same donors
- Possible alternatives for raising the funds or completing the project
- Who your allies are and who might oppose the project or the campaign

In addition to assessing fundraising, a feasibility study may also reveal problems with the program. For example, one study for a nonprofit deciding whether to build a building for a new program concluded, "If you build it, they will not come." That was important to know before breaking ground! Another study looked at whether or not a well-respected nonprofit should open a "branch office" in a neighboring town. The study found that the organization could raise the money to do so, but because they were new to the type of fundraising that would be required, it would take more time and investment than had been planned. They chose not to open the office, but to begin to experiment with new types of fundraising (giving clubs, events) with the hope of opening the new office after a few years.

Some tips on feasibility studies:

1. Interview at least two consultants and check their references before engaging one. Anyone can say he or she does feasibility studies, but be sure to choose someone with a demonstrated track record who is discreet and honors confidentiality, is objective, and whose values and style are ones with which you feel comfortable.
2. Be sure that you have identified the questions to which you want answers, and that the study is designed to get those answers.
3. Double check on prices: good feasibility studies run from a few thousand dollars to tens of thousands.
4. Work with the consultant to choose the right interviewees-lapsed donors, current and former board members, key staff, community leaders, major donors to the organization and major community donors who have NOT given to your organization, competing organizations, prospective foundations, corporations, and individual donors.
5. Use the information from the study not just for deciding on the fundraising campaign, but as valuable research about the community and its perceptions of your organization.

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