

# Capital campaigns can play key role in development of buildings



## FINANCING OPTIONS

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Office buildings and other non-residential facilities can be extremely expensive to purchase, develop or renovate. Many organizations have a specific need to acquire a physical asset, but simply do not have the cash on hand, or consistent revenue streams, to fund the acquisition. At times like these, organizations can turn to capital campaigns to raise the necessary funds.

A capital campaign is commonly understood to be a time-limited fundraising effort in which the dollars raised will be spent to buy, build or improve a physical asset. Typically, a capital campaign is used to develop or renovate a building, otherwise known as a "bricks and mortar" campaign. However, a capital campaign can be conducted by an organization to raise funds for any physical asset. Various non-profit agencies and educational institutions have traditionally used this financial tool.

Successful companies are often defined by the quality of their strategic business plan and their ability to faithfully implement that plan. The same can be said for successful capital campaigns — an organization must create and follow a strategic fundraising plan in order to maximize its

chances of conducting a successful capital campaign. Although each capital campaign has its own unique qualities, many national capital campaign consultants have identified particular phases or processes that are common to all successful capital campaigns.

## Campaigns that work

What defines a successful capital campaign? The first step an organization must take when developing a capital campaign is

to thoroughly evaluate and define its need for the physical asset. This critical step is necessary for the organization's board of directors and staff to discuss the pros and cons of the desired facility and to establish a firm commitment among those with a vested interest to support a campaign. This straightforward discussion should determine if there truly is a need for the structure and if the organization is truly prepared to conduct a capital campaign.

Next, it is recommended that an organization conduct a feasibility study before

commencing with the actual fundraising. Such a study would allow the organization to objectively determine if there is national, regional and community support for the organization, as well as the proposed project, and if there are sufficient resources available to conduct a successful capital campaign. A professional feasibility study will also determine how the capital campaign will be regarded by the appropriate political, business and community leaders and which leaders may be willing to assist the capital campaign. Finally, a feasibility study should ascertain who the prospective donors are (including individuals, corporations and foundations) and what potential contribution levels should be anticipated.

At this point, the details of the strategic fundraising plan can be further developed. It is essential to clearly identify timelines, job descriptions for the capital campaign's leaders and volunteers, "special" fundraising opportunities, the campaign theme, marketing and public relations strategies and contribution gifts or incentives.

After all this is completed, an organization can move on to the main portion of the capital campaign, which is the actual solicitation of funds. It is here that the marketing and public relations strategies are fully implemented and the organization works to cultivate and secure significant donations and contributions. Grant submissions to local, regional and national foundations and corporations are prepared and submitted at this time as well. Thorough pledge monitoring — See **CAPITAL CAMPAIGNS**, Page 45



COURTESY OF MCNAY ART MUSEUM / JEAN-PAUL VIGUIER, S.A. D'ARCHITECTURE

A rendering of the interior of the Tobin Exhibition Galleries in the Jane and Arthur Stieren Center for Exhibitions planned at the McNay Art Museum.

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ing is important in order to track progress and maximize giving opportunities.

Finally, at the conclusion of the capital campaign, there is a post-campaign stage. The marketing and public relations strategies are designed to tie up loose ends and encourage prospective donors to make a decision if they have yet to respond. Many capital campaign experts also recommend implementing a pledge redemption system in the post-campaign stage to ensure that the pledges made will actually be collected.



Frost



Hardberger

of AT&T Inc., contributed a \$2.5 million grant to the McNay's capital campaign through the auspices of the AT&T Foundation, the philanthropic arm of AT&T Inc.

It is not uncommon for successful capital campaigns to have the support of high-profile political, business and community leaders. The level of commitment for the McNay Museum's capital campaign by such high-profile leaders is a strong indicator of the level of success this campaign will achieve.

## Worth the risk

Capital campaigns can raise more than just funds for an organization — a successful capital campaign can raise the profile of an organization as well. With increased visibility, a capital campaign can bring added pressure to an organization to be successful, since no organization would want the negative publicity that can come from announcing a project and then failing to acquire the necessary funds to complete it.

However, this risk is worth taking when the need is great. Many organizations faced with the dilemma of having a need for a physical asset, yet lacking the appropriate funding, turn to a capital campaign as a solution.

An organization can minimize its risk and maximize its chances of conducting a successful capital campaign by creating



COURTESY OF JEAN-PAUL VIGUIER, S.A. D'ARCHITECTURE / MCNAY ART MUSEUM

A rendering of the planned Jane and Arthur Stieren Center for Exhibitions at the McNay Art Museum.

## San Antonio campaigns

A recent example of a capital campaign in San Antonio that is off to a great start is the McNay Art Museum's effort to construct a new Center for Exhibitions. Thomas Frost Jr., the capital campaign chair and chairman of the board of trustees for the McNay Museum, has called this capital campaign the "most ambitious" in the McNay's history and the "largest capital campaign to date for a cultural institution in San Antonio."

Mayor Phil Hardberger voiced his support for this capital campaign by saying that enhancing the McNay is about more than just adding space for artwork, it's about an "economic development resource."

Edward Whitacre Jr., chairman and CEO

and following a strategic fundraising plan, as outlined in the steps identified in this article, or by hiring a professional and seasoned capital campaign consultant. There are a number of professional fundraising consultants that can assist with a capital campaign and it is recommended that any organizations considering a campaign, particularly those that have little or no experience with capital campaigns, seek such assistance.

**DONALD JAKEWAY** is the president and CEO of the Brooks Development Authority (BDA) which oversees Brooks City-Base. The BDA is managing the redevelopment of the former Brooks Air Force Base into a world-class technology and research campus for bioscience, biomedical, academic, environmental and technical research. Over his career, Jakeway has assisted several successful capital campaigns associated with Ashland University, The Pro Football Hall of Fame and The Rock n' Roll Hall of Fame.