CONVERGENT Nonprofit Solutions

Fundraising Strategies FOR Economic Development

Fundraising Trends in Economic Development

Introduction / Background

Rick Kiernan, Principal, MBA, IOM

- Started fundraising career in 1996
- Raised $100+ million for clients
  - Economic development & chambers of commerce
  - Philanthropy
- Fundraising Experience - Citywide, Countywide, Regional, Statewide, Nationwide
- NEDA member since 2007

SEDC
Saratoga Economic
Development Corporation

NORTHWEST
KY
FORWARD

Partnership Alliance
GREENWOOD
SOUTH CAROLINA USA

Transform
Tompkins:
Creating Quality Jobs
and Accelerating Innovation
TCAD

MISSOURI2030:
An Agenda to Lead

CEO
COUNCIL FOR ECONOMIC OUTREACH

Advantage Louisville
GLI'S STRATEGIES FOR REGIONAL ECONOMIC GROWTH

nc
North Carolina
Chamber
Foundation

TEXAS
ASSOCIATION
of
BUSINESS
THE TEXAS STATE CHAMBER

Peterborough
ECONOMIC DEVELOPMENT

SOUTH CAROLINA
I-77 ALLIANCE
Driving Growth from Columbia to Charlotte

CEG
CENTER FOR ECONOMIC GROWTH
anything's possible™

STEG
SOUTHERN TIER
ECONOMIC GROWTH
PROSPECTS | PROGRESS | PARTNERSHIPS

Audience Survey

1. What's your service territory?
   - City? County? Region? State?

2. What are your current revenue sources?
   - Public funding (city/county/state)?
   - Fees?
   - Private sector fundraising?
   - College/university?
   - Other?

Agenda

1. Fundraising in this Economy
2. History of Economic Development Fundraising
3. Economic Development ROI
4. Economic Development Fundraising Trends
5. What else?

Fundraising in this Economy

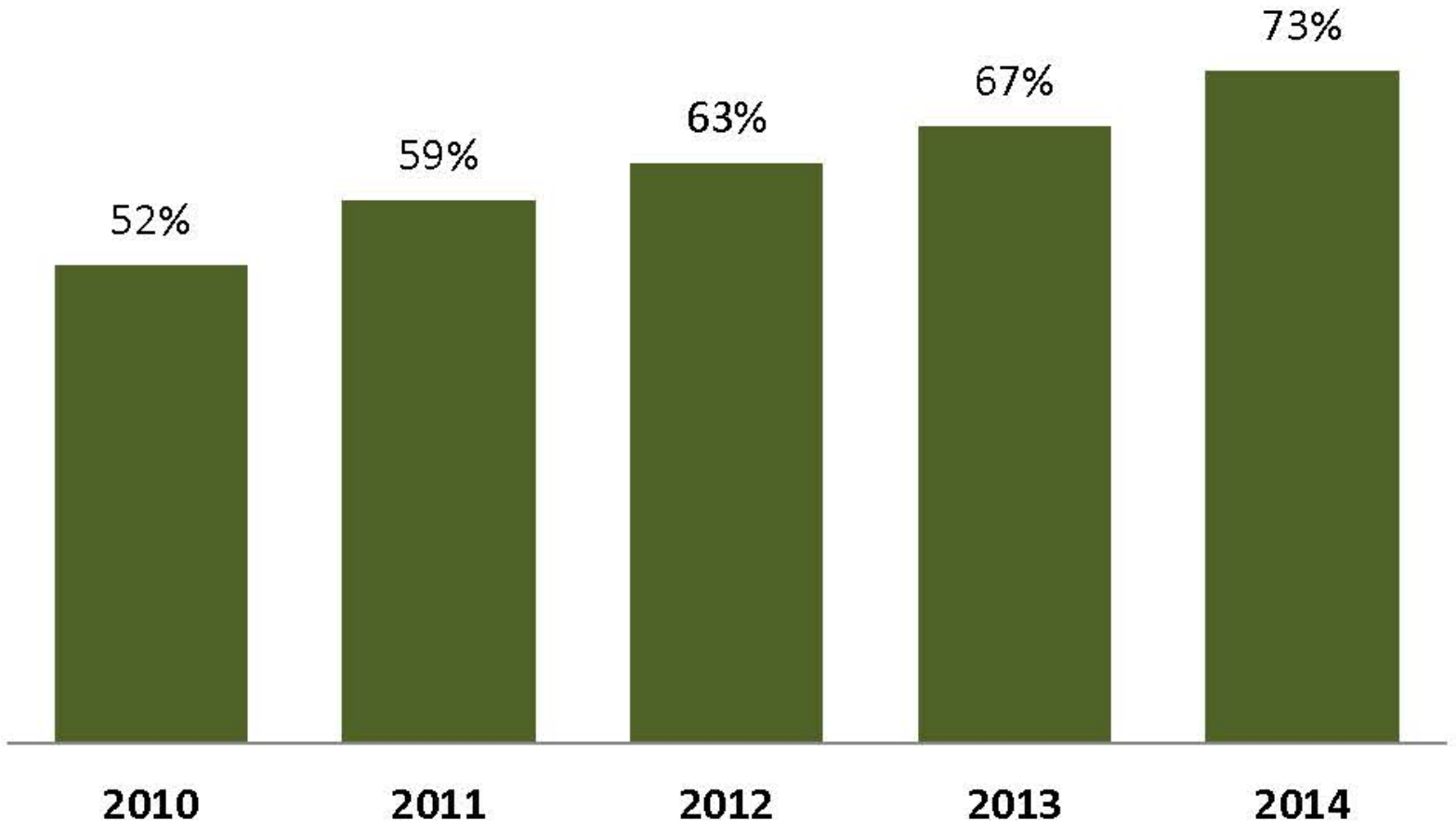
63% of 1,550 respondents – the largest share since 2007 – saw fundraising increase in 2014.

- 62% in 2013
- 58% in 2012
- 53% in 2011
- 43% in 2010

Nonprofit Research Collaborative

Fundraising in this Economy

Figure 8: Trend in percentage of organizations meeting fundraising goal, 2010-2014



Source: Nonprofit Research Collaborative, Winter 2015

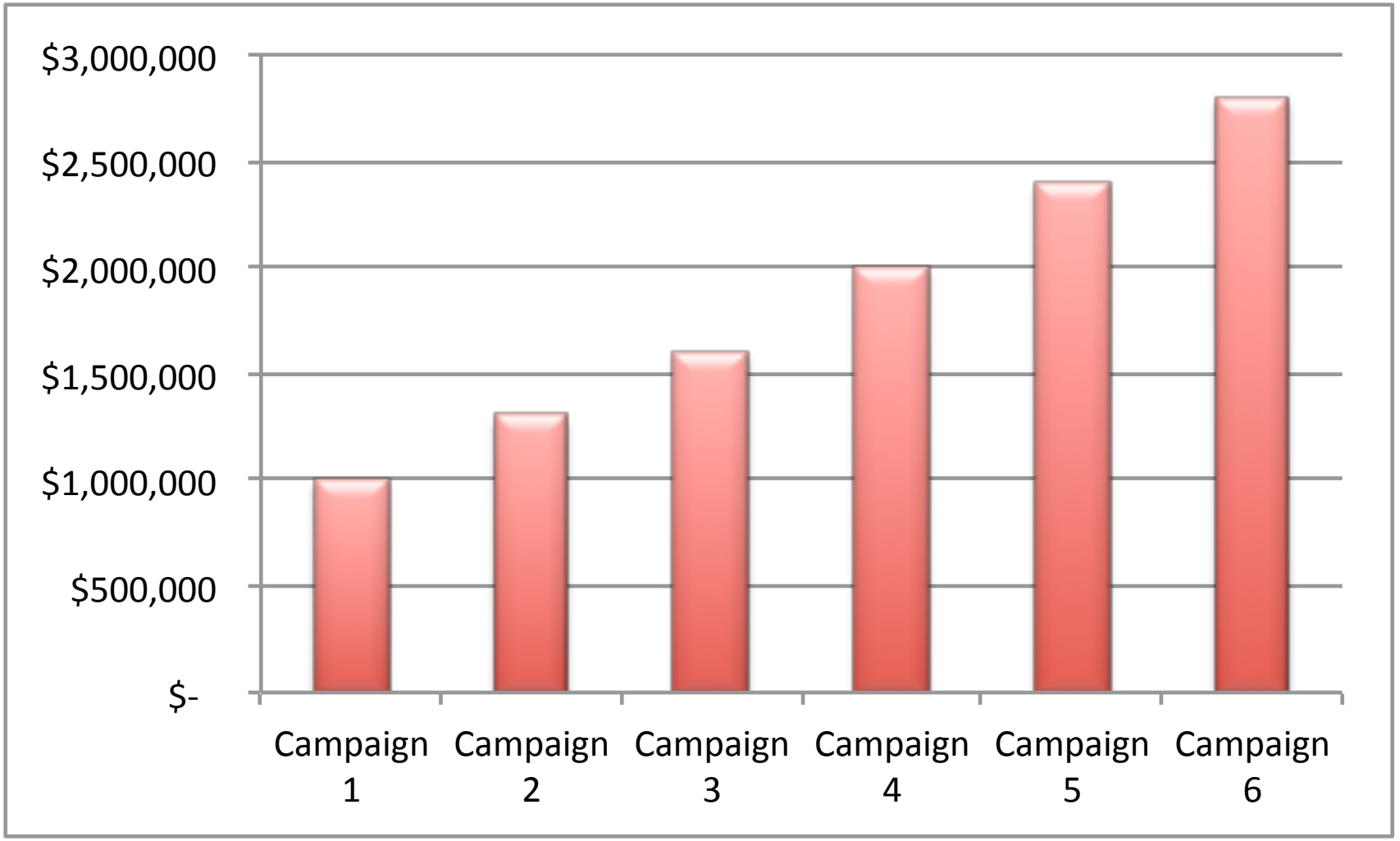
Fundraising in this Economy

Location	Pop.	5-Yr Goal	Raised
Ithaca, NY * *	102,000	$1,400,000	$1,709,450
Burlington, NC *	115,000	$1,600,000	$1,700,000
Elmira, NY *	90,000	$1,400,000	$1,683,900
Henderson, KY	90,000	$2,600,000	$2,815,000
Gainesville, FL * *	253,000	$6,000,000	$6,038,232
Roanoke, VA *	93,000	$2,600,000	$2,738,000
Burlington, IA *	35,000	$1,800,000	$2,010,200
Vermillion, SD	10,000	$1,500,000	$1,640,000
Wayne County, OH	15,000	$2,300,000	$2,417,480
Chattanooga, TN	349,000	$8,800,000	$10,000,000
Greenwood, SC * *	70,000	$4,500,000	$3,880,000

History of Econ Dev Fundraising

- Over 10,000 EDOs across the country
  - Most are *only* publicly funded
  - In some cases, funding is adequate
  - In many cases, there's not enough money
- In mid-80s, progressive communities started pooling private $ to become more competitive
  - Started as Committees of 100 or 1,000
  - Eventually funded multi-year initiatives (3 to 5 years)
  - Most initiatives housed in local Chambers, but soon spun off into their own 501c6 or c3 orgs

History of Econ Dev Fundraising



WHY?

Economic Development ROI

~~Donations~~

~~Gifts~~

~~Contributions~~

It's about
Return on Investment,
&
"What's in it for Me?"

Economic Development ROI

STEG | SOUTHERN TIER ECONOMIC GROWTH

PROSPECTS | PROGRESS | PARTNERSHIPS

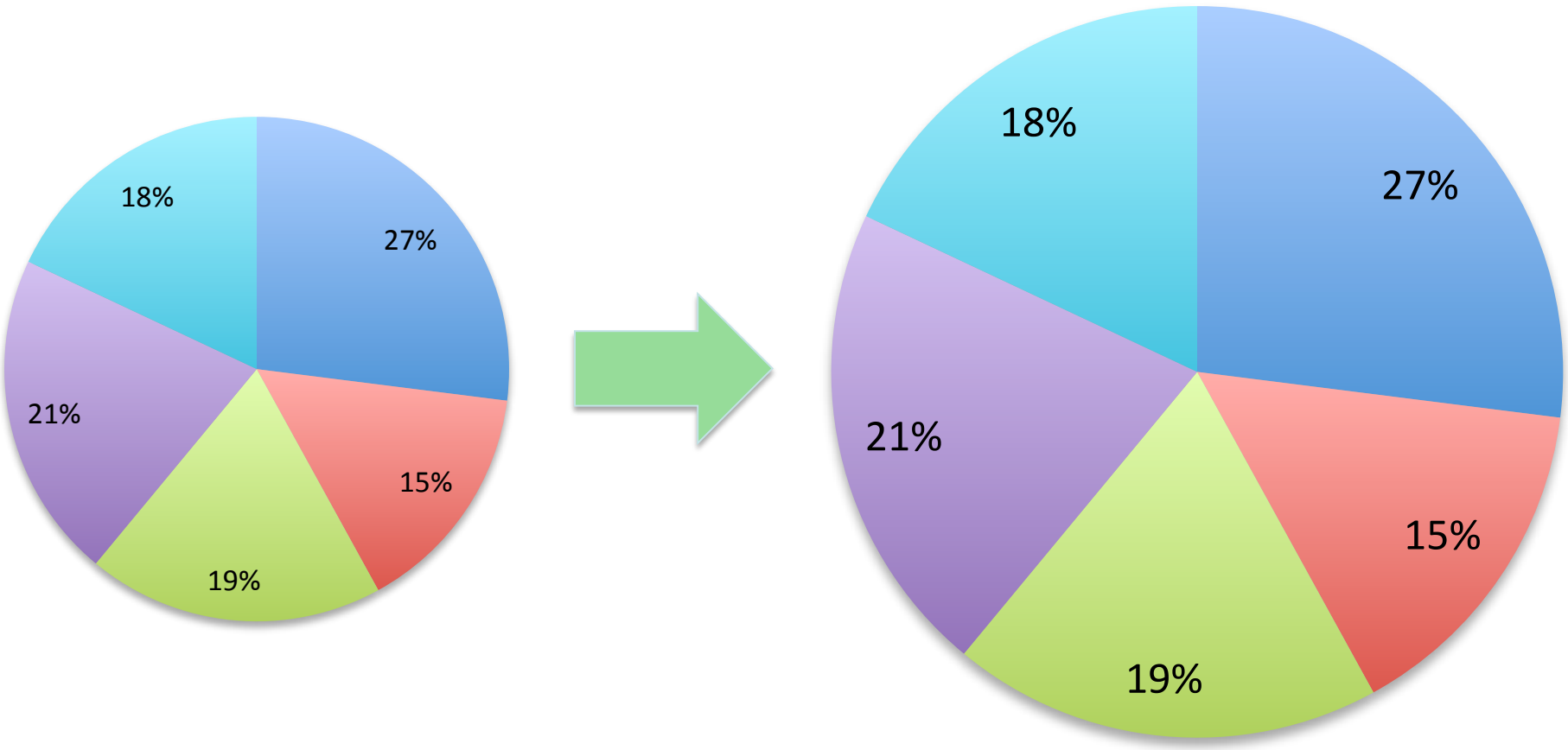
Number of New Primary Jobs	**1,500**
Primary Wage Rate Paid (hourly)	$19.51
Total Direct Payroll	$58,523,077
Total Payroll	**$76,080,000**
Total Jobs	**2,206**
Calculated Indirect Jobs Created	706
Calculated Indirect Wage Rate Paid (hourly)	$11.96
Area Values	
Personal Income	$53,256,000
Disposable Personal Income	$45,006,646
Net Personal Consumption Expenditures	**$42,054,210**
Deposit Potential for Area Financial Institutions	**$6,573,971**

Economic Development ROI

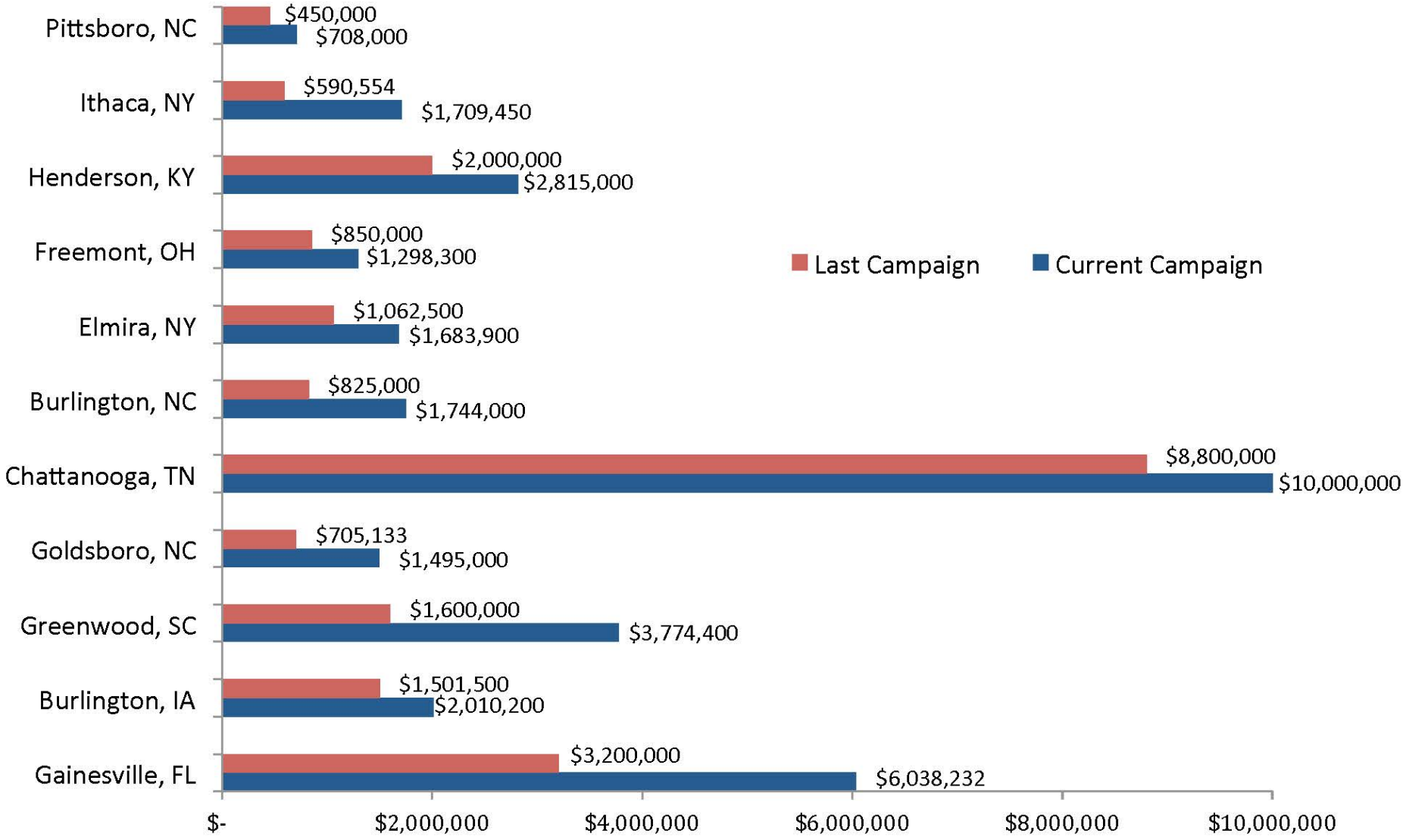
Expected *Annual* Results

- $1,769,766 in new *car & truck sales*
- $2,341,629 in *grocery store revenue*
- $1,205,126 in *electricity revenues*
- $421,373 in *natural gas revenues*
- $3,669,555 in *restaurant sales*
- $3,557,590 in *medical revenue*
- $3,363,759 in *apartment rents*
- $6,245,272 in *new financial deposits*
- $372,012 in *alcohol sales*

Economic Development ROI



Economic Development ROI



What's NEW?

Econ Dev Fundraising Trends

Existing Industry HQ Visits

- Coordinate with local GM/Plant Manager
- Meet w/ top brass at HQ
- *Thank you* for doing business in our community
- What can we do to help you?
- What new product lines are in your pipeline?
- And how do we win that expansion here versus your plants in South Carolina, Texas, Iowa, etc?

Econ Dev Fundraising Trends

Supplier Recruitment

- Compile community-wide list of suppliers
  - Get contact information from local industry
  - Utilize 3rd party database (Datamyne)
- Identify commonalities (suppliers or materials)
- Develop contact strategy (in-house or 3rd party)
- Utilize local industry to open doors / close deals

Econ Dev Fundraising Trends

Workforce Development/Retention

- Most job openings since 2000 (5.3M in May)
  - $35k/each = $185 billion in *potential* payroll
- EDOs are facilitating – industry, high schools & higher ed
- Industry tours – students, teachers, parents, and guidance counselors
- Awareness – income/career opportunities of two-year education
- Promise Initiatives

Promise Communities

Econ Dev Fundraising Trends

Opportunity & Deal Closing Funds

- Mostly in smaller communities
- $100k to $250k => grants of $25k to $50k

501 (c) (3) Foundations

- Necessary for corporate/philanthropic foundations and families/individuals
- Six-month approval timeline
- $10k cost

Econ Dev Fundraising Trends

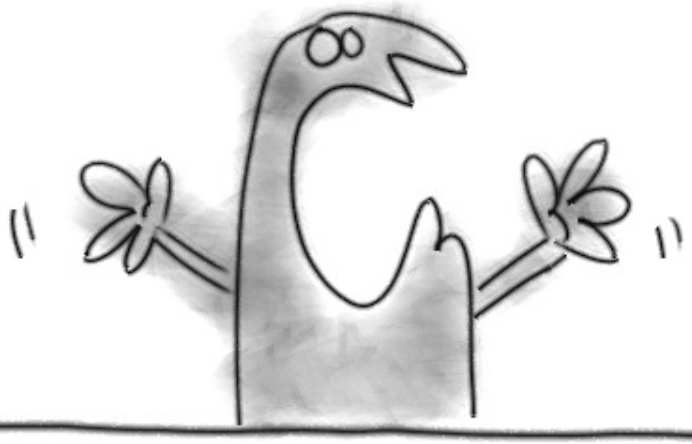
Outcomes / Metrics

- Primary jobs
- Average wage rates
- Capital investment
- Other?

Communications & Transparency

- Quarterly scorecards
- Newsletters

Now What?!!



It's Time to Raise the Money

1. Identify your community's challenges and/or opportunities.
2. Draft your multi-year solution (4-5 years)
3. Test your proposal
   - Board of Directors
   - Major Business Leaders
4. Refine your plan based on feedback (*if they help write it, they'll help underwrite it*)
5. Raise the money

Class Discussion

- If you're not fundraising…
  - Why not?
  - What's stopping you?
  - What's next? How will you start?
- If you are fundraising…
  - How will you raise more?
  - What's next? What will you do?

Q&A

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