A Guide To Capital Campaigns

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CONTENTS

What is a capital campaign? 3
Why have capital campaign? 4
What good effects may come from a successful capital campaign? 4
Should our campaign include a mission component? 5
How do we determine our goal? 5
What is a feasibility study? 6
Should we use outside consultants? 6
How do we choose a consultant? 7
How long does it take to run a capital campaign? 7
When should we not run a capital campaign? 8
What is involved in running a campaign? 8
What is a Capital Campaign?

A capital campaign is part of the financial trinity of financial support by church members and friends to the ministries and mission of the local church. The other two sources of support are annual pledges and planned giving.

The purpose of a capital campaign is generally very specific and typically building related, though capital campaigns have been conducted to support specific mission projects, to fund endowments and for other church projects. More often mission and other purposes will be added onto a campaign initially launched for a building-related purpose.

Capital campaigns combine giving from both the accumulated assets and the annual income of church members and friends. Many large gifts typically come from donors’ investment portfolios, while givers of more modest means will often make a pledge paid periodically (weekly, monthly or yearly) from their ordinary income. Some gifts may be “in kind” as when the donor is in the building trades. Whatever the source or nature of the gift, capital campaigns tend to generate sacrificial giving well beyond what is ordinarily experienced in annual giving.

A capital campaign is a major event in the life of a church, often of historic significance (for example, a building addition, and installation of handicap access, major rehabilitation or a new organ). It will be the biggest event in the memory of most members. Typically, capital campaigns are not conducted more often than every 8-10 years.

A capital campaign is a faith defining moment in the life of the congregation. The questions “who are we?” “what are we about?” and “what is our purpose?” are raised and answered. The project becomes understood in the context of how it advances the mission of the church. A theme will be established, such as “Lighting the Way” of “Open Wide the Doors”, which will echo in the minds of members long after the campaign is over.
Why Have a Capital Campaign?

The only reason to undertake a capital campaign is because the congregation has discerned it to be God’s will. Here are some underlying reasons why other churches have discerned a capital campaign to reflect God’s will for them:

1. God’s people are challenged to examine their faith and commitment to Christ as lived out in the life of the church, as they are invited to give sacrificially out of accumulated assets and ordinary income.

2. Resources are provided to support the body of Christ in its work, such as renovating the sanctuary to provide a beautiful worship environment, handicap access, and new or better education space for our children, etc.

3. God’s people are given an opportunity to use their wealth to do something that reflects their love of God and of each other. Many will find a renewed sense of faith, vision, hope and commitment to the church.

4. There is outreach to people on the margins of the church, inviting them to participate in and to serve the body of Christ. Many who have not been seen around church in a long time, and who do not even support the annual budget, will support, sometimes significantly, a capital campaign. There are more likely to be complaints from those who were overlooked during the campaign than from any who were asked to participate.

What Good Effects May Come of a Successful Capital Campaign?

A successful capital campaign can have a tremendous positive effect on the overall morale of the church, as a sense of unity and common purpose develops. This boost in morale often leads to increased giving to current church expenses and to mission. Although during the time campaign pledges are being paid (usually three years) the annual pledges may be flat, many members, having been
acustomed to giving perhaps double or triple their normal pledge, will continue giving at a higher rate once the pledges to the campaign are paid.

Another common effect observed by many churches is increased attendance at worship.

A successful capital campaign provides the resources needed by the church to carry out its mission.

Should our Campaign Include a Mission Component?

The use of a mission component as part of a capital campaign will not only “do good”, but will also increase excitement, commitment and improve the likelihood of success. Most church campaign mission components fund projects that are not already being funded by the church’s mission budget.

How do we Determine our Goal?

A reasonable goal for most churches is between 1 ½ and 4 times the annual giving. The least exciting campaigns are to pay off debt, and they generally raise about 1-2 times the amount of annual giving. A new facility is one of the most exciting campaigns and generally will raise up to 4 times the amount of annual giving. One church which had burned down raised 8 times the amount of its annual giving to rebuild! Campaigns to finance projects such as deferred maintenance or handicap accessibility generally raise between 2 ½ to 3 times the amount of annual giving. These are only rules of thumb. For any number of reasons, the actual potential may be much more or much less.

As your church considers its project, it should look at all of its capital needs for the next 5 to 10 years. You are unlikely to have another capital campaign for a long time. More churches make the mistake of setting their goal too low than set it too high. It is easier to raise funds for a single large project if you include a few lower cost components that will grab the attention of a variety of church members, such as a new refrigerator or stove, power washing the building, banners for the sanctuary, putting in a shower for community needs, or updating a memorial garden or landscaping.

For help in determining an appropriate goal for the unique situation of your church, a feasibility study is advisable, and should be considered essential if you are considering a goal over $400,000.
What is a Feasibility Study?

The feasibility study is a market survey that tells you how close your key church members and leaders are to making financial commitments that will help you reach your dollar goal. Since approximately 80% of the money received in a capital program will come from approximately 20% of your donors, it is absolutely essential that your leadership gift prospects be completely familiar with the campaign purposes and be ready to make the largest gift they can.

The feasibility study involves individual, confidential interviews with approximately 30% of your giving units, including 80% of the top 20%. Local church leaders arrange the interviews, with invitations issued by letter from the pastor and/or key lay leader, and scheduled during follow-up phone calls. An outside consultant, who will make a confidential report of the results to the planning committee, conducts the interviews.

During the interview, each person will be asked the same questions. They will include such issues as: (1) the prospect’s understanding of the purpose of the capital campaign; (2) the prospect’s level of confidence in the church’s pastoral and lay leadership; and (3) the prospect’s willingness to participate with a financial commitment, and to provide active leadership and support.

On the basis of the consultant’s report of the interview results, the planning committee will be able to make informed decisions about: (1) the dollar goal for the campaign, (2) the timing of the campaign, and (3) the leadership for the campaign. Usually the consultant will also be engaged to serve as the capital campaign consultant.

Should we Use Outside Consultants?

Yes! Even if your church has experienced and capable fundraisers in it, the use of independent consultants is advisable. Consultants will be able to give an honest, detached view of the church. They will be able to prod those involved in the campaign to stay on task, and they can take the heat if there is any dissatisfaction with the campaign. It takes a tremendous amount of energy and expertise to create the enthusiasm, organize the campaign, and shepherd it through to conclusion. Also, psychologically, people will pay attention to, and follow the advice of, an outside paid professional more than they will to a volunteer, regardless of the volunteer’s ability. A financial investment creates a psychological investment in the enterprise.

The use of the right consultant will significantly increase your likelihood of reaching your campaign goal, and will more than pay for the fee involved. Where the capital campaign is such
a big event in the life of the church and since you are only going to have a capital campaign every ten years or less, you want to do it right. You certainly do not want the campaign to turn into a morale deflating failure.

How do we Choose a Consultant?

You should be looking for experts in church capital campaigns of proven faith and commitment. Church capital campaigns are unique, and differ in many ways from other campaigns by organizations such as hospitals. The faith component of the campaign cannot be understated, and the consultant must be someone who understands and speaks the language of faith.

It is important to ask for references and to check them thoroughly. Ask for references other than those who are on their list. It is not uncommon for different churches to have very different experiences with the same consultant. Dig for answers to why they were successful in one church and not another.

Beyond that, it is important to have positive “chemistry” with your consultant. Interview several. Make sure their philosophy, style, personality and attitudes match that of the congregation.

Of course, make sure the fee arrangement is clearly understood and all costs as well as services to be provided are spelled out in a written contract. Contact the Conference office for a current list of church consultants.

How Long Does it Take to Run a Capital Campaign?

The campaign itself usually runs for about seventeen weeks (not including holiday periods,) from the formation of the Campaign Executive Committee to Celebration Sunday when the solicitation part of the campaign wraps up.

Prior to launching the campaign, the project needs to be clearly defined, the project cost estimated, a financing plan developed and the campaign goal established. This may very well take up to a year or more.

The pledges themselves are generally paid over a three-year period. You can usually expect about 40% to be paid in the first year, 30% in the second year, and the balance by the end of the third year.
When Should we Not Run a Capital Campaign?

It is inadvisable to run a capital campaign if the church is in the midst of conflict.

At a special congregational meeting to vote on a proposed campaign, a successful campaign will receive the approval of at least 85% of those present and voting.

What is Involved in Having a Campaign?

A capital campaign will actively involve 50% of your congregation. This builds ownership and excitement. There is something for everyone! The artistic will create brochures, banners and posters. The sociable will call on people. The hospitable will put on the kick-off dinner. These are the roles and task groups you should expect to have: Campaign Chair(s); Minister; Advance Gifts task group; Church Family Gifts task group; Publicity task group; Brochure task group; Kick-off Dinner & Program task group; Recording, Acknowledgment & Follow-up task group; Prayer task group, Building task group, Members-At- Large, and occasionally a Planned Giving task group.

Although you will have a consultant, it is still your campaign and you are going to do the work. Your people will give to you, not to outsiders.

It may look like a lot of work, but the active involvement of so many, some of whom do not typically serve on committees, will generate wonderful secondary benefits for all who participate – higher morale, commitment, excitement and the sense of being part of a vital endeavor greater than themselves.

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