

Transitioning to an Investment Campaign Model Can Dramatically Boost Funding for Economic Development Organizations

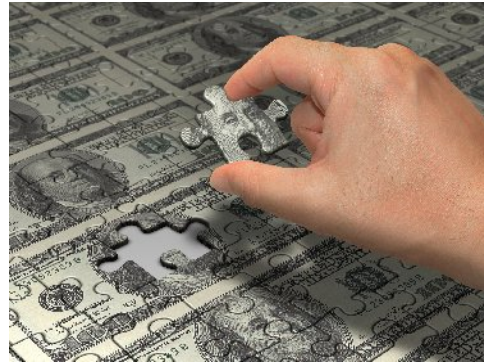
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Historically most economic development organizations that procured private sector funding did so by utilizing a membership-based model, like chambers of commerce and other membership service organizations.

Over the past decade, a powerful private sector funding trend has emerged. Forward-thinking and successful economic development organizations across the country have increasingly moved from a membership model to an investor-based approach through campaigns that fund multi-year programs. In doing so, these leading organizations have dramatically increased funding levels, developed more engaged volunteer leadership, begun generating greater long-term benefits for their communities and, in general, become more focused, measurable and accountable.



The membership model typically charges annual dues at specified levels. Its implication is that the business will have *joined* an organization, will receive *services* in exchange for the dues and will be *supporting* a worthwhile mission. Funding levels in this method are naturally limited. Companies do not generally want to pay big money to belong to an organization, no matter how worthwhile it may be. Networking events, newsletters, and other perks only provide so much value and are often provided by other organizations in the community.

A membership model of funding not only limits initial funding levels, but can constrain an organization's ability to significantly increase funding in the future. Increasing funding this way can only be done in small increments. Most members will balk at paying a dues invoice that doubles or triples their current rate. However, many businesses have enthusiastically increased their funding commitments *tenfold or more* through an investor-based funding campaign.

An investor-based model of funding is clearly more effective. Organizations taking this approach first develop a long-term, comprehensive program of work. They identify specific, measurable goals and then determine the projected economic impact of attaining those goals. As part of a well-planned, well-organized and professionally implemented funding campaign, the organization secures large multi-year investments in the program. The businesses in turn are able to hold the organization accountable for long-term goals and to reap the benefits of a tangible return-on-investment (ROI).

This approach resonates with business leaders. It produces a mentality conducive to much more

substantial funding. Business leaders become more engaged, taking ownership of the program as invested stakeholders. The program becomes more focused and better funded, ultimately resulting in greater community impact.

There are many economic development organizations that simply call their members investors without truly adopting an investment campaign approach. However, the transition from a membership model to an investor model requires much more than merely changing labels. It is a major undertaking that sets the organization and the community on a bold new path to success and prosperity. If done right, the results can be stunning.

I have seen many times just how dramatic this transition can be. As one example, a regional economic development organization in Florida attained unprecedented results by adopting the investment campaign model under my direction.



The organization previously had been asking companies to pay annual dues ranging from a few hundred dollars to \$12,500. I worked with the organization to develop a four-year strategic plan with a specified budget and measurable goals. We secured sufficient four-year funding to implement the program by making customized investment proposals to major businesses in the region and projecting individualized ROI. Previously, the most anyone had paid over a four-year period was \$50,000 (\$12,500 annual dues over four years). With this new model, we ended up with *several dozen* pledges between \$100,000 and \$500,000. Moreover, we substantially broadened the organization's base of support and ultimately secured about \$18 million in total four-year public and private sector funding.

Experience in many similar instances, with organizations and communities of all sizes, indicates that businesses across the country are willing to provide substantial funding for multi-year community initiatives that are well-defined, bold, strategic, focused, relevant and measurable. Businesses find this kind of investment much more compelling than merely providing financial sustenance to yet another needy organization. Once an organization is able to position program investment as a good business decision, we find that it can tap into the much vaster resources of corporate business development and marketing budgets, as opposed to the more limited membership and contributions budgets that every community organization and cause has their eye on.

While transitioning an organization to an investor-based model of funding consistently yields impressive results, it can often seem to be a daunting task. That's why most that have done so successfully have relied on firms such as Sage Fundraising Solutions to manage the process. Organizations with vision and ambition recognize that by enlisting help to launch a bold new funding initiative they can greatly increase their budgets, expand their programs, address new challenges and opportunities, fill unmet needs, and ultimately create far greater prosperity for their communities.



Mark Bergethon is recognized as one of the leading national experts in funding multi-year community-based economic development programs through major fundraising campaigns. He brings extensive private and nonprofit sector experience to his role as Chief Executive Officer of [Sage Fundraising Solutions](#).

Mark has provided fundraising campaign management and consulting services to a broad array of nonprofit organizations. He has directed and provided oversight for more than 50 feasibility studies and major fundraising campaigns for organizations nationwide.

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