

# Fund-Raising Planning Study Final Report

PREPARED FOR



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[www.ccsfundraising.com](http://www.ccsfundraising.com)

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# **ACKNOWLEDGMENTS**

# Acknowledgments



**CCS WISHES TO THANK** ProPublica for giving us the opportunity to work with such an innovative and forward looking organization. Specifically, we would like to acknowledge the talent, cooperation, flexibility and experience of the current Executive team, including Paul Steiger, Editor-in-Chief, Dick Tofel, General Manager, Stephen Engelberg, Managing Editor, and Mike Webb, Director of Communications, and other members of ProPublica's staff who provided the valuable information and assistance to make this Study possible.

In addition, we would like to thank the John S. and James L. Knight Foundation for the generous grant which made this study possible.

Finally, we are especially grateful to the strategic conversation participants who made their time available to talk with CCS. These individuals shared their opinions and provided invaluable support, guidance, and professional advice as ProPublica explores strategies to build a development program.

## **CCS STUDY TEAM**

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# INTRODUCTION

# Introduction



**IN AUGUST 2009**, ProPublica retained CCS to conduct a Fund-Raising Planning Study. The purpose of the Study was to assess ProPublica’s potential to implement a comprehensive development program, develop a plan to engage high-capacity philanthropists who could make significant gifts to ProPublica over the next several years, and provide support and direct advice for the organization’s current efforts.

The Study included meeting with Board members and friends to assess their perceptions about ProPublica, gauge reactions to ProPublica’s draft Case for Support, measure the ability to raise significant annual funds, and determine the possibility of creating an endowment for long-term support. Based on the information that we gathered, this report contains specific recommendations for a major gifts development program at ProPublica over the next three years, including financial targets, organizational benchmarks, and staff/leadership requirements.

# EXECUTIVE SUMMARY

# Executive Summary



In fewer than two years, ProPublica has emerged as a highly successful new model of investigative journalism. The organization offers a solution to the financial crisis and turbulence facing the industry, while providing the enormously important public service of preserving and expanding the role of a free press, a fundamental tenet of democracies. ProPublica has made tremendous progress since its inception, quickly building a high-quality organization staffed by top journalists, making a measurable impact through its work.

Indeed, it is exceptionally rare for an organization with such a short life-span to be able to consider moving forward with an aggressive fund-raising program. Yet, this Study has convinced CCS that ProPublica can implement a funding plan based on philanthropy that will meet its needs and allow it to flourish.

Importantly, we believe that ProPublica can grow its expenses to a sustainable operating basis of \$10 million per year beginning in the next calendar year (2010). This goal is predicated on the following assumptions: significant ongoing support by ProPublica's founding donors for the next several years matched by the work of a successful development program which would generate substantial sums from a variety of high-capacity donors making five, six, and seven-figure annual gifts beginning in the next calendar year.

To meet these ambitious targets, ProPublica will have to adjust to becoming a fund-raising organization, dedicating some of its leadership's time and effort to the philanthropic goals. We believe that these goals can be achieved with modest, yet targeted, activity on the part of the organization's leaders, firm direction from a larger Board, and the creation of a right-sized development operation.

Below are the highlights from the Study and some of the key recommendations to begin, immediately, building a successful fund-raising program.

## ***Models***

CCS works with all types of organizations using a myriad of fund-raising models. In the area of NGOs, where we place ProPublica, there are several different approaches to raising funds ranging widely from an emphasis on grassroots and low-dollar membership



# Executive Summary



donor programs, to high-level major gifts efforts. At the heart of our recommendations, CCS believes that ProPublica should adopt a modified Major Gifts effort, such as those used successfully at leading NGOs. We believe that there is a community of donors who will support ProPublica on the scale outlined in this plan: a relatively small number of donors supporting the organization with generous five-, six- and seven-figure annual gifts. Because ProPublica does not intend to expand rapidly beyond its current size, focusing on a top-heavy pyramid of gifts makes the most sense.

Annual Commitment	# of Gifts Needed	Providing	# of Prospects Needed
\$5,000,000			
\$1,000,000			
\$250,000			
\$100,000			
\$50,000			
\$25,000			
<\$25,000			
	30	\$10,000,000	76

## The Case

- CCS believes that ProPublica's case is compelling and lends itself especially well to major gifts fund raising. Sharing the Case with prospective donors presents the opportunity for ProPublica to hold in-depth conversations, engaging individuals on an intellectual level and in a meaningful way.
- In addition, ProPublica offers donors the chance to help solve a major problem facing society at a critical time in history. Journalism as an industry is rapidly changing (both as a business and in distribution methods.) In this changing landscape financial constraints increasingly jeopardize the principal objective of investigative journalism to understand and uncover complex stories for the public at a time when accountability has never been more

# Executive Summary



important. ProPublica's early substantive successes (e.g. the California nursing series) in covering stories that would otherwise remain unreported, provide an important argument and case for supporting the organization. Prospective donors can trust that their gifts will be put to use immediately to make a difference in a meaningful way.

- Yet, the Case for supporting ProPublica is not straightforward: it is nuanced, not immediately accessible to even sophisticated donors, and it will need to be calibrated to appeal to certain segments of the business community because of their experiences with, and perceptions of, journalists. For some philanthropists, even those who would readily support other NGOs, supporting ProPublica will not conform to their personal or business interests.
- During the course of the Study, the Case Statement was refined on numerous occasions and with the advice of many of the participants in the Study. We now believe that the organization has a much more compelling document to share with donors.
- Within the objectives described in the Case document, and while recognizing that general support is always preferable, CCS has identified two areas of support that are proving to be particularly attractive to donors: providing funding to support Senior Reporters and the next generation of journalists through an Interns and Fellows Program. (We are working to develop proposals for these opportunities.)
- Now that the Study is complete, it will be useful to include in the Case Statement (and in other materials) ProPublica's plan for financial sustainability. The Case should be updated to reflect financial projections for revenue from major gifts, foundations, membership fees, and other sources to share with potential donors.
- It is also important to use the Case, talking points, and the web site to clearly articulate and highlight that ProPublica is a non-profit organization appropriate for, and in need of, philanthropic support.

# Executive Summary



## *Philanthropic Leaders*

- ProPublica has a number of key strengths in terms of fund-raising leadership. First, Marion and Herb Sandler are nationally respected business leaders and philanthropists.
- Throughout our conversations, Paul Steiger, Steve Engelberg, and Dick Tofel received very high reviews for their work, excellence, and dedication. In terms of philanthropy, Paul and Dick will play a leading role and are well suited to doing so.
- While these leaders possess important fund-raising abilities, CCS believes it will be of great advantage to match them with a development officer when speaking about giving to ProPublica. A development officer will play an important role in assisting Paul, Steve, and Dick in stewarding and servicing donors. CCS has found that nearly all organizations do better when a team of solicitors is asking for funds. A development officer will allow ProPublica to do a professional job following up a meeting, tracking donor activity, and evaluating next steps to close significant gifts from prospective donors.
- Achieving the financial goals outlined in this plan will require Paul Steiger to spend regular time with individuals who can invest in ProPublica. It will be the Development Office's responsibility to use Paul's time wisely and judiciously. As the year begins, we suggest a formal effort to have Paul in front of the right audiences on a regular basis.
- ProPublica will need to increase the size of the Board from six members to 10-12 members to ensure a donor pool sufficient to sustain its planned \$10 million annual budget. New Board members should be invited to join with the clear expectation of contributing or fund raising a specified level in annual gifts. All new Board members must also play an active role in the philanthropic program: introducing new friends to the organization, hosting small gatherings of prospective donors, or helping to steward relationships with foundations, for example.

# Executive Summary



- As the Board expands, we suggest that ProPublica augment its Executive Committee. The Committee should be small enough in size to deliberate and wrestle with the most important and pressing issues facing the organization. In addition, a Development Committee of the Board should be established to oversee fund raising and ensure the active participation of all Board members. Fund raising should be a shared responsibility of both the Board and staff.
- There may also be friends of ProPublica who do not have the willingness to make a six- or seven-figure gift now, but who, over time, develop a level of interest that would lead to this level of giving. Already ProPublica has embarked on establishing a Business Advisory Council to capture these friends and advocates as well as potential future leaders. While ProPublica will yield the greatest return on time and effort with donors at the highest levels, (and we want to use Paul's valuable time on high-level donors), we must recognize that some prospective donors will need a longer time to convert to the higher levels.

## *Prospective Supporters*

- For the past two months, CCS has worked to build a master prospect list of about 150 individuals and foundations for ProPublica to begin to engage over the next year. The current prospect list is composed of high-capacity individuals from various industry sectors, with a focus on individuals who have demonstrated a professional or philanthropic commitment to values that reflect or compliment ProPublica's mission. In building the list, we focused on individuals and families that derived their wealth from the newspaper and media industries; current entrepreneurs in the field; philanthropists with a commitment to democracy, justice, and free speech; and high net worth individuals with a personal connection to the journalism field. We also mined the existing relationships of Paul Steiger and others to help identify potential donors.
- To expand the pool of potential donors, ProPublica should continuously review lists of possible friends with existing donors, volunteers, friends, and the

# Executive Summary



Development Committee. It is vital that “prospecting” play a major role in development activities over the next few years. As ProPublica makes more friends and adds to its volunteer leadership, there will be increasing opportunities to prospect based on relationships.

## ***Workable Plan***

- CCS believes that good fund-raising operations look alike. Accordingly, we have recommended that ProPublica hire a small, talented development staff to lead, support, and mechanize development systems. Discipline is crucially important in a fund-raising program; a good staff will ensure that ProPublica’s leaders are meeting with prospective donors on a consistent basis and taking the right actions to close gifts.
- CCS has already developed with ProPublica a job description for the chief development role, and the job has been posted. We do not believe that ProPublica will need to build a traditional, large office to meet its development needs. In many organizations, to raise one dollar, the group must spend twenty cents or more. We do not believe that ProPublica’s costs should be anywhere near this level. In fact, we encourage ProPublica to try to keep fund-raising costs below six cents on the dollar.
- To start, CCS has developed a detailed timeline for the first year listing quarterly goals for meeting and solicitation activity, staff hiring, communications, and, of course, funds raised. For ProPublica to achieve its financial targets, it will need to follow a disciplined calendar of activity for this first year (CCS recommends setting benchmarks of 90 cultivation meetings, 45 briefing meetings, and 45 solicitation meetings).

## ***General Recommendations***

- CCS recommends building a reserve fund to protect against the loss of revenue from any single major donor. Because the organization is new, presents an untested model, and inhabits a rapidly changing field, we believe

# Executive Summary



that it will be difficult to secure endowment gifts in the next two years. Instead, ProPublica should focus on soliciting expendable gifts for the first two to three years and building a successful track record with donors. In several years, we believe that ProPublica will be in a position to approach these new friends and others for endowment gifts.

In summary, CCS believes that ProPublica is in a position to raise a considerable amount of money. Of course, it will not be easy. There is a small group of committed donors, but this group needs to be dramatically enlarged for ProPublica to achieve its fund-raising ambitions. The key will be prospecting and meeting activity, especially introduction and cultivation meetings in the early stages of the effort, as well as considerable leadership from Editor-in-Chief Paul Steiger. The report that follows provides analysis from the strategic conversations and recommendations for cultivation and solicitation strategies, Board development, staffing, and financial targets over the next three years.

# FINDINGS

# Findings



**THIS SECTION OF THE** report presents the responses received during the strategic conversations. Where appropriate, anonymous statements support opinions, attitudes, and perceptions expressed during the strategic conversation process.

From September 2009 through November 2009, CCS conducted strategic conversations with 22 individuals, including ProPublica Board Members, donors, friends, and staff.



Strategic conversation participants overwhelmingly indicated a very high regard for ProPublica. The interviews revealed considerable admiration for ProPublica's mission, early successes, leadership and staff. By and large, the perception among those interviewed is that ProPublica's focus on investigative journalism offers an important public service that is increasingly in jeopardy because of financial constraints at leading news organizations. Because of its size and the recruitment of high-quality journalists, ProPublica has quickly become a leading model for a new way to fund important, hard-hitting investigative journalism through philanthropic support.

## ProPublica: Strengths

- *"ProPublica is the best investigative reporting going on in the U.S. It is the absolute highest quality of anywhere."*
- *"The monitoring of whitehouse.gov is nothing short of brilliant."*
- *"My hat is off to the Sandlers and other donors. I would love to be a part of this – not fund-raising, but in other ways."*
- *"ProPublica is an elite organization – it's the crème de la crème."*
- *"From Paul Steiger down, ProPublica has recruited a known quantity which is why partners will take their stories on a moment's notice."*
- *"ProPublica is really emerging as a gold standard – I tell all of my friends it is part of a small handful of must read sites including The New York Times, Washington Post, and LA Times."*

## ProPublica: Concerns

- *"My biggest concern is if our major founding donors were no longer able or interested in supporting us. How would ProPublica survive without them?"*
- *"I think it will be very hard to raise this much money given the economic difficulty of the times"*
- *"The general public's awareness of ProPublica is lacking, whenever I mention ProPublica to my friends they have not heard them."*

# Findings



- *“ProPublica has made an incredible mark in such a short time. They do not blow their horn enough. I am afraid they do not have the capacity or inclination to share their successes.”*
- *“ProPublica needs a serious promotional strategy, especially in regard to social media. I don’t see anyone on twitter, etc and no one has heard of ProPublica. Not enough people are talking about ProPublica.”*
- *“The lack of an ideological or political stance may make it difficult to attract highly passionate philanthropists. Being neutral in this case may be to ProPublica’s disadvantage.”*

## ProPublica: Board

- *“The Board is strong and well-respected. It provides a great deal of credibility to the organization.*
- *“ProPublica will need a larger Board if it wants to diversify its funding.”*
- *“New Board members, especially if they are giving at a high level, will want to be involved and engaged substantively in ProPublica’s sustainability plans. This will require more of Dick and Paul’s attention.”*

## Ability to Raise \$10 million Annually

- *“ProPublica needs a business plan that diversifies the funding base more than relying on a few foundations; they need to attract the support of individuals especially.”*
- *“It will be hard to raise \$10 million; the perception is that they have a huge amount of money.”*
- *“It is going to be very difficult to raise this much money. I just don’t see where it comes from.”*
- *“I’m not sure where it comes from, but I think it can be done by attracting concerned citizens.”*

- *“In addition to philanthropy, over the next couple of years ProPublica should continue to produce great work and get the news organizations so dependent on them that once the recession is over, these news organizations will pay for its services.”*

## Support for Endowment

- *“We need to build the endowment while the lead donors continue to support the operating budget.”*
- *“ProPublica needs to develop earned income over time to sustain its work.”*

## Positive Reactions to the Case Statement

- *“The graphic look and feel is outstanding.”*
- *“The crisis in journalism is well put and very compelling.”*
- *“Sections on impact and funding for key initiatives are most compelling.”*
- *“I think it is terrific.”*

## Negative Reactions to the Case Statement

- *“It should be more bold, more compelling, and more detailed.”*
- *“There should be less about the Founding Fathers and more about rooting out corruption. Highlight the successes ProPublica has had right from the start.”*
- *“ProPublica needs a business plan that shows long-term sustainability with revenue not just supported by philanthropy. I don’t think that philanthropy alone can sustain [it].”*

# ANALYSIS

To be successful, CCS believes that every fund-raising program must have several key elements as follows:

## **The Case Statement**

The Case Statement offers ProPublica leaders an opportunity to provide prospective donors with a comprehensive and clear articulation of the need for philanthropic support. At the beginning of our engagement, we shared a draft Case Statement with participants in our conversations. Most of the participants reacted positively to the draft Case Statement, agreeing that the document was a good start in describing the work of the organization and the need for philanthropic support.

Others were more critical of the document and provided useful feedback to make it stronger and more compelling. For example, it was suggested that the Case highlight ProPublica's most recent and immediate successes and emphasize the importance of uncovering corruption and wrong doings, rather than focusing on the founding fathers and landmark investigative cases from the past. Historical quotes about the importance of journalism have been replaced with accolades from contemporary influential voices hailing ProPublica's mission and work. In addition, the section on ProPublica's reach and impact has been expanded.

After several iterations, the current Case Statement can now be shared with prospective donors. CCS encourages ProPublica to add a brief section highlighting the organization's financing plan for the next few years, as that plan becomes more concrete.

## **Leadership**

In order for a fund-raising initiative to be successful, it is important to have both strong institutional leadership and volunteer leaders. CCS believes that a core group of leaders exist and that they form a solid base on which to build.

Owing to his stellar reputation and remarkable track record, participants expressed great confidence in Paul Steiger. In addition to Paul's reputation for accomplishment,

ProPublica can now already point to how quickly the organization has achieved success, in no small measure because of Paul and the executive team's management and vision. Because donors at the highest levels give to organizations led by leaders whom they can trust, Paul's involvement in relationship-building will be critical to major gifts fund-raising success.

In addition to Paul, ProPublica benefits from Dick Tofel's leadership. Many organizations have only one leader whom they lean on significantly for relationship-building. In the case of ProPublica, Dick provides his own track record of good management, relationship-building, and an ability to engage donors both substantively and in business conversations. Additionally, Stephen Engelberg is well respected and held in high regard. He, too, can be utilized to cultivate donors and build relationships.

Although ProPublica has a small Board, all of its members are deeply engaged and committed to the organization's model for non-profit investigative journalism. The leadership of the Sandler is a critical factor in ProPublica's success to date and will play an extraordinarily important role in the future. In addition to their generous financial support, the Sandler have lent credibility to the organization. They are held in high regard as leaders in the philanthropic community with the ability to open doors to other high-capacity donors. This is especially important for an organization like ProPublica, which still lacks visibility and brand recognition.

CCS is also impressed with the newest addition to the Board, Mary Graham, and her commitment and involvement. In fact she was noted by other participants as exemplary of the type of individual ProPublica should engage and recruit to join the Board in the future.

While many participants commented on the strength and leadership of the current Board, a number of participants also noted that ProPublica will need to recruit new members with the expressed purpose of fund raising. The Board enjoys a strong amount of representation from leaders in the foundation world.

Aside from the Board, the Study Process also identified other friends and advocates who could assist with fund-raising efforts. Mark Colodny of Warburg Pincus emerged as one leader. As a result, CCS is working with Mark and Joanna Stone to launch a Business

Advisory Council for ProPublica. The Council will serve two purposes: 1) build philanthropic support; 2) provide critical intelligence on business and technology issues. In addition to Mark and Joanna, a handful of other individuals were recommended for their leadership potential including Neil Barsky.

## Prospective Donors

The key to achieving fund-raising success is a foundation of viable prospective donors to lend support to the effort. ProPublica by its nature will neither appeal to a broad audience, nor have a self-identified pool of prospective donors. In fact, high-capacity professionals in finance, law, and industry will often be wary of journalists and their power to bring unwanted attention to business activity. ProPublica will need to secure donors, therefore, who will look at the bigger impact of investigative journalism, especially its role in protecting democracy and free speech, as well as exposing corruption and holding the powerful accountable.

Some NGOs have a clear partisan slant to their work and use their political position to identify and attract like-minded individuals to their mission. Regardless of an individual's politics, however, ProPublica's best prospective donors will include individuals for whom ProPublica is valued for lending a critical eye to government, regardless of the ruling party, and advancing the best interest of society as a whole, irrespective of a particular political agenda.

ProPublica's current friends and donors expressed an understanding of the importance of prospecting for donors and a willingness to introduce ProPublica to their friends and colleagues. This willingness, combined with the convening power of ProPublica's Board, senior leaders, and close friends, demonstrates that there is great potential for the organization to expand on the current list of prospective donors to whom it can introduce its work and solicit for support.

# RECOMMENDATIONS



# Recommendations



**CCS IS PLEASED** to present the following recommendations for ProPublica's consideration. We believe ProPublica has several of the essential components for a successful fund-raising operation: a compelling Case for Support, distinguished and influential leaders, and an audience of prospective donors. Thus, the question is not if ProPublica can diversify and develop a sustainable funding stream, but rather how it should do so. The following recommendations are intended to provide the framework for a plan.

Specifically, we address how to meet the financial goal of \$10 million in annual funding; the Case for Support; utilizing and growing the leadership; cultivation and solicitations strategies; staffing; and communications.

## Financial Goals

CCS believes that ProPublica should establish a working goal of \$10 million for 2010 to align with the organization's projected 2010 budget. To date, the Sandler Foundation's significant seed funding has allowed ProPublica to build a high-quality and high-performing organization with a \$10 million budget in less than two years. With this budget, ProPublica will be sufficiently staffed and resourced. Thus, for the foreseeable future, ProPublica does not intend to grow significantly beyond the \$10 million mark. Based on this understanding, CCS believes that ProPublica has the ability to raise \$10 million on an annual basis for operations based primarily on a major donor model.

This goal is ambitious, and meeting it will depend on several factors:

- Continued support from the Sandler Foundation at a significant leadership level
- Extraordinary leadership from current members of the Board
- Adding four to five philanthropists to the Board
- Increased and targeted fund raising by Paul Steiger, Dick Tofel and Steve Engelberg
- Recruitment of a top-notch fund-raising professional to direct a well-coordinated development effort
- A clearly articulated case for support that includes opportunities to underwrite specific areas of ProPublica's work without compromising the integrity of the organization's mission

# Recommendations



One of the most effective tools to use when talking with prospective donors is to share a table of gifts. Sharing this table allows donors to contextualize how their giving fits into the larger goal. CCS believes that ProPublica should structure its table of gifts for the annual campaign as follows:

## Gifts Required for a Successful \$10M Annual Major Gifts Program

### Year 1: 2010

Annual Commitment	# of Gifts Needed	Providing	# of Prospects Needed
\$5,000,000			
\$1,000,000			
\$250,000			
\$100,000			
\$50,000			
\$25,000			
<\$25,000			
	30+	\$10,000,000	68

# Recommendations



## Gifts Required for a Successful \$10.5M Annual Major Gifts Program

Year 2: 2011

Annual Commitment	# of Gifts Needed	Providing	# of Prospects Needed
\$4,000,000			
\$1,000,000			
\$250,000			
\$100,000			
\$50,000			
\$25,000			
<\$25,000			
	41+	\$10,500,000	98

## Gifts Required for a Successful \$11M Annual Major Gifts Program

Year 3: 2012

Annual Commitment	# of Gifts Needed	Providing	# of Prospects Needed
\$3,000,000			
\$1,000,000			
\$250,000			
\$100,000			
\$50,000			
\$25,000			
<\$25,000			
	50+	\$11,100,000	110

# Recommendations



## Revenue Projection

	Year 1 2010	Year 2 2011	Year 3 2012	Total
Foundations				
Individuals				
Sandler Foundation				
TOTAL	\$ 10,000,000	\$ 10,500,000	\$11,000,000	\$31,500,000

## Leadership Organization

The current leadership, both volunteers and staff, is a significant ProPublica advantage and will play a critical role in the organization's fund-raising success.

### Board

The current six-member founding Board of ProPublica has a deep interest in helping build a successful, effective, and sustainable organization. Going forward it will be imperative to expand the Board carefully and strategically. New members should be selected based on their commitment to ProPublica's mission, philanthropic support of ProPublica, and willingness and ability to introduce ProPublica to new donors. As a young organization with limited brand awareness which possesses a funding model that relies on a small number of donors at the highest levels, it will be essential that ProPublica elect Board members that can provide a significant boost to the organization's donor prospecting efforts.

CCS recommends adding four to six new individuals over the next couple of years to grow the Board to a total of about 12 members. New members should be selected based on their ability to:

- Open doors to new prospective donors
- Host small, intimate cultivation events as needed

# Recommendations



- Attend key meetings and cultivation events
- Articulate the Case for Support
- Participate in volunteer trainings
- Recruit additional leaders

A clear expectation about philanthropic support should be discussed when individuals are invited to join the Board. CCS recommends asking new Board members to aim to contribute and/or fund raise (“give/get”) annual gifts at a specified level based on their philanthropic capacity.

## **Establish a Development Committee**

As the Board grows, it will be important to establish a Development Committee to lend its time and efforts to work with ProPublica and its Director of Development to identify, cultivate, and approach major donors. While the staff will be responsible for supporting and mechanizing these efforts, volunteers will share in the responsibility in effectively moving prospective donors from introduction, to cultivation, to briefing, to successful solicitation.

## **ProPublica Business Advisory Council**

The new Business Advisory Council will play an important role in expanding ProPublica’s network of supporters. The purpose of the group is twofold: 1) provide expertise and business acumen to help ProPublica use emerging technologies; and 2) provide a vehicle for philanthropic support. Members of the Business Advisory Council are expected to contribute and fund raise annual unrestricted donations at a specified level. Members will represent a wide-range of industries, including media, technology, and finance.

## **Prospective Donors**

Beginning in August 2009, CCS began to develop a list of prospective donors, reviewing the list on a regular basis with Paul and Dick to assess existing relationships, outreach and engagement strategies, and potential gift request amounts.

# Recommendations



To date, CCS has identified more than 150 individuals and foundation prospects through recommendations from study participants, personal relationships with Paul and Dick, and donors to other organizations. Particular emphasis was placed on individuals with financial capacity directly connected with journalism/media and those who have interests in good governance and public affairs.

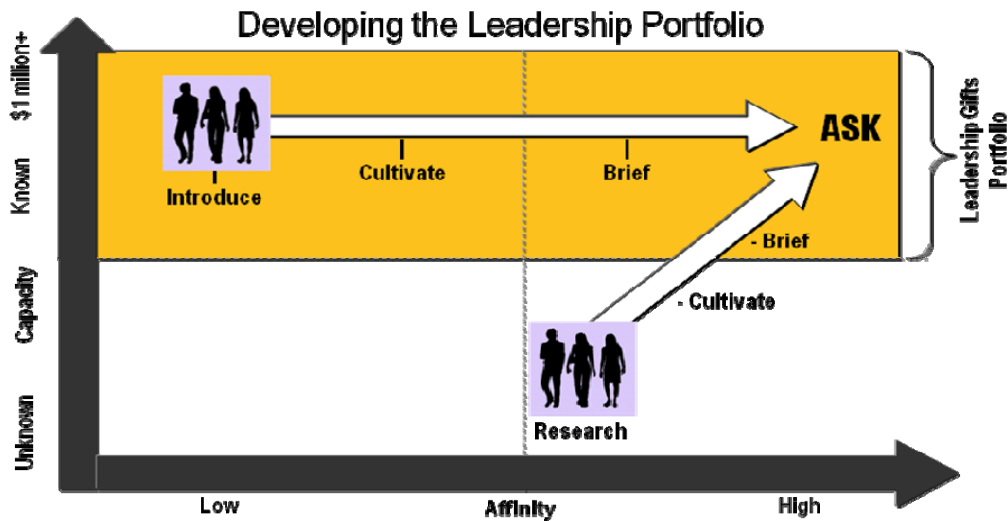
The next step is to begin reviewing this list with volunteers and friends of ProPublica to identify existing relationships, introduce the prospective donor to our work, and develop a plan to move the prospective donor from introduction to solicitation. The current prospective donor list includes potential gift targets totaling more than \$17 million.

Of course, ProPublica must find individuals with both high giving capacity and the potential to develop a high affinity for its work. To attract gifts of \$100,000 or more, donors will require a number of interactions, even if they are aligned fundamentally with ProPublica's mission. Below is an illustration how to move prospective donors through the solicitation process based on their financial capacity and affinity for ProPublica's work.

# Recommendations



## Capacity and Affinity Matrix



### Individuals Major Gifts

CCS believes ProPublica will have the greatest return on its fund-raising investment with a balanced approach to fund raising from individuals and foundations. Going forward, individuals will certainly compose a larger percentage of ProPublica's funding. Individuals will typically be easier to convene, engage, and will more quickly make a philanthropic decision. Individuals also have the flexibility to provide unrestricted support which likewise translates to tremendous flexibility for the organization.

### Foundations

The majority of United States foundations typically use their resources to address particular issues through projects that are characterized by time parameters and measurable outcomes. There are a number of foundations with missions and funding guidelines that are in line with ProPublica and could be approached for grants. As it becomes clear that regardless of the outcome for journalism as a business, investigative journalism in America will require philanthropic support, more foundations may be willing to fund ProPublica.

### Special Events

Special event guests generally leave a gala or other affair feeling inspired, closer to the organization, and with increased good will. In addition to providing much needed

# Recommendations



unrestricted funds, fund-raising events present a venue to showcase the achievements of the year and become a vital convening setting for loyal supporters. A considerable amount of time and money, however, is needed to achieve significant financial returns.

ProPublica might produce successful fund-raising events in time. A strong base of donors needs to be built before a special events program is implemented. CCS does not recommend launching a special events program until at least 2012. In the meantime, ProPublica should begin to compile a list of potential dinner honorees.



# Recommendations



## Cultivation and Solicitation Strategies

Every solicitation requires its own strategy crafted with the development team to position prospective donors for major gift requests. Below is an overview of the four step process needed for successful fund raising.

Stage 1 – Introduce/Cultivate	Stage 2 – Brief	Stage 3 – Ask	Stage 4 - Steward
Initial Visit or Event	Visit and Pre-Ask	Ask	Follow-up After Gift
<ul style="list-style-type: none"> <li>▪ Send introductory letter or phone call from leadership to prospect</li> <li>▪ Strategize with development team</li> <li>▪ Cite recent PP achievements</li> <li>▪ Discuss current challenges</li> </ul>	<ul style="list-style-type: none"> <li>▪ Meeting with Paul Steiger and Development Director</li> <li>▪ Introduce Case Statement</li> <li>▪ Mention gift table</li> <li>▪ Discuss recent gifts</li> <li>▪ Explore specific project interest</li> </ul>	<ul style="list-style-type: none"> <li>▪ Solicit gift, including proposal, request, and naming opportunities</li> <li>▪ Close gift and send letter of agreement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular communications</li> <li>▪ Annual update on impact of gift</li> </ul>

As a young organization supported by a small number of donors, initiating introduction and cultivation activities for ProPublica is of the highest priority. The focus on the remainder of the year and the beginning of 2010 will be to build relationships with individuals and lay the groundwork for soliciting major gifts.

Below are a number of cultivation opportunities to consider implementing to introduce ProPublica to individual donors:

- **Small Dinners** - Hosted in the homes of top prospective donors, Board members, industry leaders, etc. with Paul Steiger, small dinners introduce and begin to build relationships and create awareness about ProPublica, its work, and its funding needs. Within a small and intimate environment, prospective donors have the opportunity to engage with ProPublica's leaders in a manner that allows us to

# Recommendations



- identify their interests and determine the best follow up strategy. A dinner may focus on a major story – how it was put together and the impact it has made to date -- or be simply an opportunity for individuals to participate in intelligent and informative dialogue with Paul and others regarding the pressing issues of today.
- **Individual Meetings with Paul, Dick and Director of Development** - One-on-one meetings can serve many purposes: introducing ProPublica to prospective donors; cultivating a new relationship (with a site visit to the ProPublica headquarters, for example); conducting a formal briefing on a specific area of the work; or making the actual gift request. CCS recommends that ProPublica set a target of holding three to five fund-raising related meetings per week. Maintaining an active calendar of meetings will be critical to moving prospects from the cultivation to the solicitation stage.
  - **Ongoing Communications** – It will be important to continue the dialogue with prospective and current donors through ongoing communications. E-mail messages, distribution of notable articles, Stephen Engelberg’s blog entries, telephone calls, and invitations to cultivation events all help to keep prospective donors apprised of ProPublica’s work and need for support.
  - **Insider’s Letter** - CCS recommends that Paul Steiger send quarterly updates to the Board, donors, prospective donors, and other close friends of ProPublica, similar to Dick Tofel’s current communications to the Board. The letter should highlight recent successes, strategic issues facing Paul, and the impact of ProPublica’s work.

Once ProPublica moves prospective donors through the cultivation and briefing stages, and ProPublica has gathered sufficient information to develop a specific gift request, prospective donors will require a highly personalized solicitation for a major gift. In some cases, prospective donors may wish to make a gift lower than the intended target, and in some of these cases, gifts should be accepted and viewed as a starter or “get-to-know-you” gift. Gifts below the target amount should not preclude ProPublica from further maintaining a relationship with the donor and re-approaching them for a greater gift in the same or following calendar year.

# Recommendations



By nature of being an unbiased news organization, ProPublica must be sensitive when developing funding opportunities that could raise questions as to whether funders have influence over editorial content. That said, ProPublica can develop giving opportunities, especially at the lower levels that allow a first-time donor to help underwrite an aspect of ProPublica's work. In the Case Statement we have outlined a few of these areas and there could be others as ProPublica grows, especially in underwriting the use of new technologies and strategies that enhance content, distribution, and increase brand awareness.

CCS recommends that all solicitations include the following elements:

- Appropriate solicitors determined by gift size, relationship, and other relevant factors.
- Briefing memos for the gift solicitors providing biographical background, wealth indicators, philanthropic history, and affiliations for the prospective donor.
- Solicitation scripts that offer talking points to guide the meeting.
- Individualized proposals detailing specific giving options, target gift amounts, naming opportunities, and intended impact of gift.
- A specific timeframe for the prospective donor's response regarding a gift.

# Recommendations



## Staffing

CCS believes all good fund-raising operations look alike. These organizations are staffed by true professionals who are able to set ambitious short and long-range financial objectives, support and staff an organization's leaders, develop a portfolio of major donors, and meet with prospective donors on a regular basis – all while focusing on the bottom line financial targets.

Early in this engagement, CCS recommended an individual profile of the person ProPublica will need to recruit to manage and achieve an annual \$10 million fund-raising goal. The Director of Development position is an exciting opportunity for a motivated and entrepreneurial individual to build a program from scratch.

During our engagement, we worked with ProPublica to develop a job description and made recommendations for a recruiting strategy.

While consultants can offer support and make recommendations, especially in getting a nascent program off the ground, there is no substitute for hiring a Director of Development for the organization. Given ProPublica's initial pool of prospects and ambitious fund-raising goals, it is important for the Development Office to be staffed appropriately and within the next few months.

Below is the proposed staffing plan CCS believes is necessary to achieve the ambitious financial targets for ProPublica over the next three years.

# Recommendations



POSITION	GENERAL RESPONSIBILITIES	HIRING PRIORITY	PROPOSED SALARY RANGE
Director of Development	<ul style="list-style-type: none"> <li>Set short-term and long-term strategic plan for development.</li> <li>Manage pipeline of Top 100 prospective donors.</li> <li>Cultivate and solicit major gifts from key prospective donors.</li> <li>Provide direct support for Editor-in-Chief and General Manager's prospective donors.</li> <li>Serve as contact for key volunteers on development issues.</li> <li>Develop long-term, strategic relationships with ProPublica constituents.</li> </ul>	Year 1: Immediate	
Prospect Researcher	<ul style="list-style-type: none"> <li>Identify and rate prospective donors giving capacity.</li> <li>Develop strategies for obtaining new prospective donors to grow the pool.</li> <li>Provide biographical, philanthropic, professional, and financial information on donors and prospective donors.</li> <li>Track prospective donors and donors by monitoring daily news and online alerts.</li> </ul>	Year 1: 2010	
Development Coordinator	<ul style="list-style-type: none"> <li>Provide administrative support of the Development Department.</li> <li>Assist with prospect research as needed.</li> <li>Coordinate donor stewardship program (prepare and send materials, maintain stewardship calendar).</li> <li>Serve as contact person for outsourced Annual Fund needs, including Direct Mail and Annual Report production.</li> </ul>	Year 2: Spring 2011	
Board Liaison	<ul style="list-style-type: none"> <li>Manage Board communications.</li> <li>Answers Board member inquiries.</li> <li>Maintain and distribute Board manual.</li> <li>Coordinate annual calendar of activities – including full Board and committee meetings.</li> </ul>	Year 3: 2012	

## Communications and Operative Materials

ProPublica has the unique advantage of being a news organization, guaranteeing relevance and a product that by its nature is already in an easily communicable form. There are always new stories and projects being produced that can be used to communicate with potential donors. The current email messages Dick Tofel sends to the Board are quick, timely, informative, and engaging. These regular communications allow members to stay apprised of the most important stories and continue to demonstrate impact.

As ProPublica expands its fund-raising efforts and begins reaching out to prospects that are not as familiar with its work, CCS recommends sending an “insiders’ letter” or memo to prospective donors on a quarterly basis from Paul Steiger. The objective is to share updates at a high level to engage donors in the organization

A number of NGOs have had great success with this type of communication.

CCS does not foresee the need for ProPublica to invest in a high-budget communications program with expensive advertising or marketing collateral. To attract the caliber of donors necessary to fulfill its financial objectives, ProPublica should focus its energy on developing highly customized and tailored proposals to individuals and foundations.

## Endowment

The question of sustainability and the need to build an endowment was mentioned throughout our strategic conversations. While the need for endowment income was strongly endorsed, there is uncertainty as to the future of journalism. There remains the possibility of government support, a variety of business models for commercial journalism, and the growing number of non-profit journalism models. Because no one is certain what the future will hold, CCS does not recommend creating or fund raising for an endowment at this time. CCS experience shows that donors give to endowment once they have become familiar with an organization.

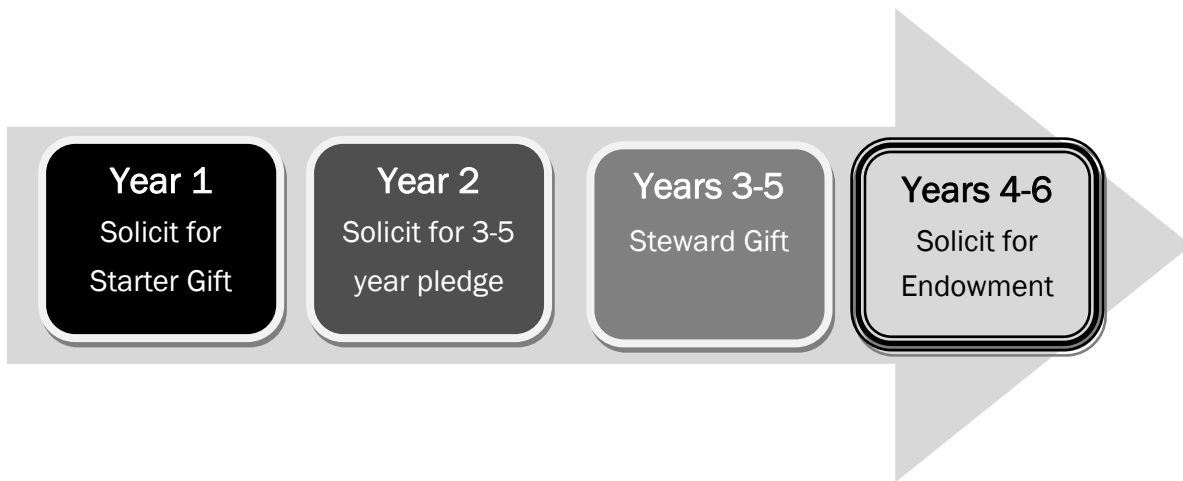
There are ten key factors which most leading funders consider in making a major endowment grant. Because ProPublica is so young, it measures moderately to low against most of these factors, listed below.

- A track record of performance and demonstrated capacity to adapt to changing priorities and needs in the field.
- Strong leadership and experienced management.
- A history of successful leadership transition and board succession.
- An active and diverse board which truly guides the organization.
- Financial stability over several years.
- Financial accountability with outside audits.
- A diversified base of support.
- Evidence of board and staff commitment to pursuing an endowment strategy.
- Sufficient staff to conduct an endowment campaign; manage the investment program; and continue raising operating support.
- Potential for matching support from other donors.

# Recommendations



At this early stage of ProPublica's development, it is appropriate for the organization to establish a quasi-endowment or cash reserve from any windfall over its current budget. This fund will act as a safety net to meet unexpected costs that may arise or potential fund-raising shortfalls. Once a track record has been established with donors, ProPublica should implement its second phase and re-solicit for gifts to endow programs. Below is a sample timeline to illustrate the approach:





## Conclusion

In conclusion, CCS once again wishes to thank ProPublica for the opportunity to conduct this Fund-Raising Planning Study. As mentioned, a number of elements for a major gifts program are in place and now it is a matter of building a fund-raising operation to maximize ProPublica's greatest assets:

- A solid Case for Support
- Highly respected leadership
- A core group of passionate and committed volunteer leaders

Raising \$10 million on an annual basis will certainly present challenges for ProPublica. The key will be the development of a leadership portfolio and immediately implementing cultivation and solicitation strategies.