What Nobody's Telling You About Feasibility Studies

By Jim Lord

It's almost an article of faith in fund raising: One prepares for a capital campaign by conducting a feasibility study (sometimes called a "planning study" or "market study").

The study, according to the conventional wisdom, allows you to determine whether the proposed campaign can succeed, and to what extent. Through the study, we're told, an organization can identify candidates for the largest investments and the key volunteer leadership positions—and develop a strategy for bringing these people "into the fold."

For most of my career, I've been an enthusiastic advocate of the study. Years ago, I even wrote in *The Raising of Money* that one of the 35 essentials of our work that I saw was to conduct a study. Recently, though, I've begun to have second thoughts.

What caused me pause was the experience of taking over as counsel on a campaign where I hadn't conducted the study myself, and didn't have access to the study director's notes. As the campaign unfolded, it occurred to me that the study might well have been unnecessary—and even counterproductive.

I've always wondered why so many organizations seemed to rush into the feasibility study. Now I understand that they were probably trying to make up for everything they *hadn't* been doing up until then. (Of course, consultants' near universal use of the study makes it hard to go another way.)

An organization that has been doing "the right stuff" all along may never need to conduct a feasibility study. And there are times when conducting a study can actually *limit* your potential.

What are you trying to accomplish?

There are always plenty of good reasons to conduct a study—plenty of benefits that can be cited. The question I want to address is not whether these reasons are valid, but whether a study is really the *best* way to get ready for a campaign. Perhaps there's a better way to find out what you want to know—a better way to create the climate for success.

But before I get into that, let's look at the reasons people normally give for conducting the traditional study. In essence, you want to:

1. Consult potential donors about the proposed campaign before going ahead (since the outcome of the campaign will depend on their commitment).

2. Find out what these people think of the organization, its staff and its programs.

3. Test the effectiveness of its case for support.

4. Determine whether the proposed dollar goal is attainable.

5. Identify potential donors who can provide the largest investments.

6. Identify candidates for campaign general chair and other key leadership positions.

7. Develop a strategy for involving these potential donors and volunteers in the proposed campaign.

8. Check on the proposed timing of the campaign.

9. Identify any other issues that might affect the outcome of a campaign.

These are all worthwhile objectives (although as we will see, number four can be very tricky). And more often than not, a properly conducted study can do most of these things. Some consulting firms have refined the feasibility study to a high art.

So why do anything else?

Because there's more to a feasibility study than most consultants will tell you. And because there may, in fact, be a better way to go.

How a study can limit your potential

For most organizations, getting ready for a study seems to be a pretty straightforward process. You decide how much you want to raise, and for what purpose. You put together your case. You make a list of the people you want to interview. You get approval from the board, hire a consultant and put the machinery in motion.

When these things have been done, an organization generally considers itself "ready" for the study. But what about the *donors*—the people who are going to be asked all these questions? Since it's *their* attitudes, opinions and choices that will determine the outcome of the study, shouldn't we be asking ourselves whether *they're* ready?

Many professionals will say, "That's why you do a study in the first place ... to take their temperature." But what if their "temperature" is cool? Wouldn't you be better off waiting until it's warm before you ask all these big questions?

Moreover, aren't there things you can do to help that process along? And isn't that what our jobs are all about—helping people "warm up" to our causes?
Here's what I'm saying: If we're so out of touch with people that we need a hire a consultant to find out what they think and feel about our organization, we probably won't be pleased with the answers we get.

Many folks seem to think that a study (especially when it's conducted by a prestigious consulting firm) holds some magic that will cause philanthropic "angels" to materialize out of thin air. You may want to uncover new donors or even people of wealth who aren't generally visible.

In all probability, though, you already know which individuals in your community have the combination of the greatest wealth and influence, which makes them the leaders you want to consult with so that you can have a campaign that will inspire confidence. Everyone knows who these people are. And you already know a lot about where you stand with them—based on their relationship with your organization and their current level of investment.

What you don't know is where you *could* stand with them—what the potential of the relationship might be. What can you do to bring them closer to your organization? To raise their sights? That's what you really want to know. And you're not likely to find it out through the standard feasibility study interview.

By now, sophisticated donors are accustomed to “walking through” this exercise—carefully evading our efforts to gain from them a tentative commitment to something they may not be prepared to follow through on.

Some are so put off by the artificiality of the situation that they won’t even participate. For one thing, they know that whatever they say, you’ll probably go ahead with the program anyway. “Feasibility,” my eye!

Don’t get me wrong; I believe we must consult with donors before moving forward with a major development program—and keep on consulting with them. And I believe in the value of “one-on-one” interviews. But the traditional feasibility study is only one way of going about this. And it may be the least effective way.

The typical study includes several high-potential donors who have little or no relationship with the organization. Some of these people have the capacity to make a “pace-setting” investment—one that *raises the sights* of all other donors.

What’s the best way to encourage a person to make that kind of commitment? To ask them point-blank how much they’re prepared to invest, and if they’re willing to take on a leadership role in the campaign?*

“Well,” you say, “these are things we have to know.”

But why? “So we can enlist the chairman and set the goal.”

But if we want to enlist one of our top choices as chairman, we probably won’t “get” that person right away. And in my experience, it’s usually smarter not to set the goal until we have a better idea what some of the top commitments are likely to be. So why push it?

The greatest danger arises when we press people in a study interview to give us a “tentative indication” of what their financial commitment might be.

We professionals know, of course, that naming a figure is an important psychological step for the donor. But the donor knows that, too. That’s one big reason that so many

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* Experienced study directors, of course, preface these questions with others that are easier to answer. And they approach the subject of money with the greatest of tact—talking about other potential donors and the “table of investments” required for a successful campaign. My point is simply that even the most skillful interviewer can’t compensate for the lack of a relationship between the donor and the organization.

decline to answer the question—and others give a cautious and conservative response.

In practice, when you push a reluctant donor to name a figure, you usually get a nominal one. And once that figure has been named, it can be difficult to get the donor to think bigger.

Furthermore, by pegging the donor's commitment to your proposed dollar goal, you're already limiting your horizons—since people tend to measure their own commitments against the total. For example, if you propose a goal of $5 million and present a typical "table of standards," it's most unlikely that anyone will consider a commitment of more than $1 million, even someone who has the capacity to invest several times that amount.

This is what I mean when I say that a feasibility study can actually *limit* your potential.

The alternative: building authentic relationships

When all is said and done, what we're searching for in a feasibility study is *leadership*. With outstanding volunteer leadership—and the exemplary financial commitments it brings forth—we know that all obstacles can be overcome, and that success is virtually guaranteed. So the question becomes: What is it that inspires people to assert that kind of leadership?

Based on my experience, it begins with an *authentic relationship* with the organization. Or it begins with a deep commitment to the cause the organization represents. The relationship often extends to grow the commitment to the cause. Sometimes it works the other way, and the conviction about the cause (even if latent) facilitates the development of the relationship.

Let me stay with this idea. What do I mean by "authentic" relationships? Those in which donors know that they're valued, trusted and respected *as human beings*—not just bank accounts.

Money is only a symbol of what donors truly bring to the voluntary sector: their compassion, their dedication, their highest *values and aspirations*. Through our organizations, and through the vehicle of philanthropy, we offer donors an opportunity to transfer those values and realize those aspirations. It can appear to be about prestige or ego gratification. Even then, it is more powerful when the *meaning* that is embedded in it becomes explicit.

When people believe that an organization can help to bring about the kind of future they want for their children, their community and their world, they'll do extraordinary things to advance that cause.

How can we build authentic relationships? By encouraging donors to talk about the things that are most important to them. By making it legitimate to convene a conversation of consequence. By really listening to donors when they're talking to us. By providing people with meaningful engagement, even ownership, in the life of the organization.

Development professionals often talk about the need to "cultivate" donors. What they can mean by that is romancing donors, softening them up, setting them up for the "ask." We may think we're being subtle and clever. But these days, most donors readily see through such machinations.

What I'm suggesting goes deeper and lasts longer. I'm talking about building lifetime relationships, putting donors at the center of our universe, making them our true *partners and collaborators.* When we operate on this level, there's no need for pressuring, manipulating and "romancing" people. The process leads naturally to exemplary financial commitments.

If you want to distinguish your organization in the minds of donors, forget about the cleverness and curb the cynicism. Build genuine relationships. Foster the kind of relationships that are borne of a common interest in the collective good. Listen, learn and connect—at the deepest possible level. Focus on meaning and the money will come.

Let me be crystal clear, I'm not talking about merely relating effectively one person to another, trying to turn a money conversation into a social one.

As one consultant puts it, "Try to find something you have in common with the prospect. And then something else. And something else." Well, being sociable, civil and attentive are all worthy attributes. But consider what happens when we go beyond the social conventions to talk about and then to work to bringing something, bringing an idea, to life that matters to the donor, to you and to the organization. Something that serves the greater good.

You can give the visit with the donor an "intentionality," as Kent Schell of the University of Michigan describes it. Make it a conscious and systematic program. The theory and the methodology are available. Much of this is based on new thinking in the field of organization development.

If you know how to use this new approach, you may never need to conduct a feasibility study.

The study, after all, is merely a "tool of deficiency." It's what you do when you haven't developed the kind of relationships I've been talking about. When you do have those relationships, there's no need to call the "dating service."

So why isn't everybody doing it?

I'm not trying to say that the feasibility study is a useless exercise. It's still a good way to initiate (or resume) a dialogue with your donors, and to get the "lay of the land" before embarking on an ambitious development program. Most consulting firms can provide competent technicians who have conducted any number of studies. I used to be one of those technicians.

Most firms can also readily recognize a situation where conducting a feasibility study may *not* be the best option. Some may even open their mouths and suggest that the organization implement a "cultivation" program before conducting a study.

In most cases, however, the organization is determined to move forward with a study as quickly as possible. "Cultivation," we're told, takes too long and costs too much. After all, fund raising boils down to asking for the money, and quick results are top priority.

As consulting firms know, most organizations will go along with a "cultivation" program only when the donors themselves—through the study—tell them it's essential (and that happens all the time).

Furthermore, most firms are geared to selling feasibility studies. They see the study as the easiest way to "get a foot in the door" with the client, and many are willing to provide the service at a reduced fee.

When a firm is engaged to conduct a study, of course, it's also generally retained after the study to provide resident management or periodic consulting services. And unless the study results are truly horrendous, most firms will recommend going forward with a campaign.

When selecting counsel, it's wise to keep in mind that study interviews are confidential, and that this information becomes the property of the firm. That makes it pretty difficult for the organization to "change horses" after the study, even if it's unhappy with the firm.*

In the end, organizations that try to avoid implementing a "cultivation" program by opting for the traditional study generally end up having to do the "cultivation" anyway.

So why wait for the donors to tell you that they aren't ready for a campaign? Why not *begin* by listening and learning about their highest values, their hopes and dreams? Why not provide people with meaningful engagement in your organization—well before you start talking about money? Why not begin building the kind of relationships of mutuality that lead naturally to pacesetting philanthropy?

It's an exciting process—for the organization and for its donors. It doesn't have to be time-consuming and expensive. And in the end, believe me, you'll come out *way* ahead!

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* Occasionally, a consultant or a development officer dispenses with confidentiality (except when a specific staff member is being discussed). At least one consultant, Kent Dove, has found that interviewees seem to be just as forthcoming.