

Wow, What a Great Event!: Lesson 8 (printer-friendly version)

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Chapter 1

Introduction

In a hypothetical sense, we have been spending money pretty freely while making all sorts of event plans throughout the duration of this course. We haven't slowed down to think about where we were going to get the money to pay for all of this stuff, until now. In this lesson, we will talk about raising money for and from events.

If you will be planning only your own personal events and nothing else, then the answer to where you will get the money to pay for them is simple—your own wallet, bank account, or credit card. No further explanation is needed from me.

If you will be planning events for your employer or for a client, you will get the money to pay for your event from a budget provided to you by your employer or client. At times, the budget you receive will be something as simple as a dollar amount that you cannot exceed. Other times, the budget may be extensive and feature a long list of line items that describe categories for event expenditures. In either case, you will be told exactly how much you have to work with to bring the event to fruition. In rare instances for which money is no object, you will be told exactly that, and you will have free reign to spend as much as you need in order to deliver a first-class event. In these circumstances, the funding for your event simply comes from your employer or client, and you get your instructions from the same source.

If, however, you will be planning nonprofit fund-raising or charity events, finding the money to conduct the events is a more complicated issue. Charities, and the volunteers who work with them, frequently feel that an event is the best way to raise the cash needed to support the charity. Unfortunately, in a cash-strapped organization, there is usually little or no seed money available to pay for the costs of planning and conducting the event. That means that there may be no funds available to pay for site and vendor deposits or the other up-front costs associated with an event, such as printing and postage. In these situations, money must be raised early in the planning process to fund some of the event budget. On the other hand, if an organization is fortunate enough to have sufficient money available to get started, you have overcome the first hurdle. The second hurdle is to raise enough money from the event to cover all the remaining costs of the event. The third hurdle is to raise enough money from the event, in excess of the cost of the event, to provide financial support for the sponsoring charity or nonprofit organization.

Some of you may want to become, or may already be, special event fund-raising professionals. Some of you may want to become, or may already be, board members, committee members, or volunteers at nonprofit organizations that sponsor fund-raising special events. Some of you may become, or may already be, parents of children who attend schools or participate in activities that will recruit you to assist with special events. Some of you have been asked, or will be asked, on behalf of your employer or your own business, to become corporate donors, underwriters, or sponsors of fund-raising events. Even if you don't fit into any of the categories I just mentioned, you probably have attended, or will be asked to attend, a fund-raising special event. For all of you, I think a discussion of raising money for and from fund-raising special events is very worthwhile.

Those of you who will become actively involved in creating fund-raising events should know the many different ways money can be raised from these events. Someday, the responsibility of conducting a successful fund-raising special event may rest on your shoulders. When that happens, it won't be enough just to have a fantastic event. All eyes will be on you to raise sufficient event proceeds to meet the expectations of the participants. Nowadays, this can be a

staggering amount.

Those of you who will be asked to become corporate donors or sponsors of fund-raising events should be keenly aware of the diverse marketing opportunities that are available through fund-raising events so that you can make the right choices and receive the appropriate benefits from your investment.

Those of you who may have the pleasure of attending but not working on a fund-raising event should be aware of the costs involved in producing fund-raising events and the extent to which your participation is financially supportive to the beneficiary organization. This understanding will make your participation in these events more meaningful and pleasurable.

Chapter 2

Sales

The most obvious way to raise funds from a special event is to sell tickets that entitle the purchaser to attend the event. Before you rush off and start printing tickets, you must know what to charge for them. At minimum, your ticket price, when multiplied by the number of guests you expect will attend, should recover all the costs you expect to incur in producing your event. Losing money is a no-no! However, the real objective is to make a handsome profit.

If you cannot set tickets at a price that will attract sufficient attendees to recover the real costs of producing an event, you have two choices. You can go back to the drawing board and create a different event that will have lower costs or broader appeal or some combination of both. If that is not feasible, you can establish a lower price that will attract the number of attendees necessary to make the event successful and seek the additional revenue from other means associated with the event.

Sometimes, event planners decide that they can set a ticket price equivalent to what it really costs to produce an event but will not make a profit. They will merely cover the costs. If this event is a friend-raiser, and not a fund-raiser, that is not a problem. *Friend-raisers* are public relations events held to encourage and develop relationships with donors and prospective donors. Often they precede the initiation of a major fund-raising program, which may or may not include another special event designed to raise large sums of money.

Frequently, the first year of a new annual event will be a friend-raiser to develop audience awareness of the nonprofit organization and general attendance for the event. After this has been accomplished, the following year's event will be designed as a fund-raiser and ticket prices will be changed to reflect the new focus. The next year's event may feature newly priced tickets or the ticket price might be maintained and the event, now with an established audience, can seek additional revenue from sponsors and advertisers to make a profit.

In each instance, the nonprofit organization is required by law to tell the ticket purchaser or donor what portion of their donation represents the fair market value of any benefits provided to the donor. Only that portion of the donation that exceeds the fair market value of the benefits received is tax deductible to the donor. A few event attendees will want to get as much in return as they pay for a ticket. They will complain if they think they paid too much and got too little in return. However, most attendees at charitable events expect the fair market value they receive will be minimized and the donation to the charity will be maximized. They know that events are usually meant to be profitable. And then, there will be the few times when critics in the crowd will complain if they think charities have spent too much to hold events. True philanthropists often avoid events altogether. While they know that events must and will happen, they themselves do not want to receive anything of real tangible value in exchange for their donations. You can see that pleasing everyone at a fund-raising special event is no easy task. And, at the moment, we're only talking about the ticket price!

Other ways for charities to raise funds using special events include program book advertisements, raffle tickets, and sales or auctions of merchandise. Different volunteer committees are usually assigned the task of carrying out all the work involved in these various sources of revenue. The work of these committees must be coordinated with the overall plan for the event. The committee members must have a comprehensive knowledge of the event in order to properly and accurately promote it to their prospects. Any products that they produce in connection with their work, such as the program book and sponsor recognition, must be coordinated with the rest of the event's design. Any activity that they will conduct during the event itself must be addressed in the total event plan. Particular attention should be paid to site layout, decor, timing of activity, and staffing.

Advertisements

Nonprofit organizations have long used program books as a way to circulate information about their organization and their event in a self-published book or booklet filled with advertisements. Revenue from these program books can, and often does, match or exceed the revenue raised from ticket prices alone. The motivation on the part of the advertiser is to be supportive of the nonprofit organization while at the same time promoting their own product or business. Presumably, the attendees at the event will represent a very specific target market that the advertiser wants to reach. The size and value of this target market, as well as the advertiser's relationship with the charity, will determine how much the advertiser is willing to spend on an ad.

Ads in these books vary across the board. They can be just a line of type mentioning the name, address, and phone number of a business, or they can be a reproduction of a business card, or they might occupy some other portion of page size that the book can be divided into. The most expensive program book ads are in full color and appear on the outside or inside cover of the program book.

Raffles

Raffles are a common fund-raising technique used by nonprofit organizations, but they are a form of gambling and are regulated by local and state laws. Be sure you know what the rules and regulations are in your area before you work on a raffle. In order to have a raffle, items need to be solicited from individuals, stores, or businesses. A procedure needs to be established for the sale and drawing of raffle tickets. Tickets need to be printed featuring the information required by law, and then the tickets must be sold.

Special events often feature raffle tickets that are sold only at the site of the event, such as a 50/50 raffle. Fifty percent of the money collected will be kept by the charity, and the other 50% will be given to the lucky winner. Some, but not all, raffles require the winner to be present to win. That means that the participant must not only buy a raffle ticket but must also buy a ticket to attend the event. Other raffles sell tickets to anyone and everyone around town before an event and on site during the event. In these instances, although the drawing will be held at the event, the winner need not be present to win.

Auctions

Auctions are very popular at charitable events. At most auctions, guests get preregistered and are given paddles that display their assigned bidder numbers. Paddles are usually large pieces of paper featuring big and boldly printed numbers. Preregistration can include payment information as well as guest information such as name, address, and phone number. The payment information helps move things along at the end of the event. The guest information enables the organization to contact a winning bidder later if they leave without paying for or picking up an auction item.

Auctions are of two kinds: live and silent. In a live auction, items are described and shown before bidding, and the auctioneer talks up the items and asks for bids after setting a minimum bid and dollar amounts by which a bid can be raised. Guests then raise their paddles when they want to bid on an item. The auctioneer announces the end of bidding, the winning bidder number, and the winning amount. In a silent auction, guests wander around a series of exhibits and display tables where they view the auction items, find something that interests them, and sign their numbers or names to a form adjacent to the items. At the end of the bidding period, winning bidders are either announced or have their names posted on a sign so that they may pay for and pick up their winning bid items.

Merchandise

Charitable organizations often have merchandise that they sell to the general public. Visual arts organizations, museums, and scouting groups are examples of nonprofit organizations that sell merchandise through their normal outlets and might also sell it at special events. You will undoubtedly be able to think of many more organizations for which this situation would apply. When merchandise is sold at an event, special provisions need to be made for its display, the packaging of purchases, various payment mechanisms, and security. You cannot expect site personnel to be responsible for any of these details.

Chapter 3

Donations

Beyond regularly priced tickets to an event, you probably have noticed higher-priced tickets. These tickets often, but not always, entitle the holder to a special activity or benefit in addition to the event, such as a VIP reception.

I coordinated an event that had four separately priced tickets with different benefits and activities attached to each ticket level. One ticket entitled the guest to a theatrical performance. The second and higher-priced ticket entitled the guest to a preperformance champagne reception as well as the theatrical performance. The third and still higher-priced ticket entitled the guest to the preperformance champagne reception, a gourmet dinner, and theatrical performance. The fourth and even higher-priced ticket entitled the guest to all of the above plus a post-performance afterglow where they would be able to meet the performers.

As a very different example, I also coordinated an event where there were five differently priced tickets, but the benefits to all the guests were identical with one exception. The higher ticket levels provided an increased charitable (tax-deductible) donation to the nonprofit organization sponsoring the event. Our minimum ticket price was \$50, and \$20 of that was tax deductible. Our maximum ticket price was \$500, and \$470 of that was tax deductible. This strategy was chosen for our ticket sales because people usually tend to give what is requested. This was a simple way to encourage those who could give a bigger donation to do so. The printed program distributed at the event noted each guest under the level of ticket that they purchased, providing some additional recognition to those who had made a larger donation.

For all of my events, the reservation cards or the invitations contain specific information about cost, benefits, and the fair market value for each ticket level as well as the usual information about how to respond via phone, fax, e-mail, or mail to make a reservation. In addition, for all charitable events, I always include a line on the reservation form that enables recipients to indicate how much money they wish to donate to the organization, even if they are not planning to purchase a ticket. Quite a lot of donations are received this way from people who want to support an organization's cause but cannot, or simply prefer not to, attend an event.

Gifts-in-Kind

Donations made in this category include donated products and services that can be used as raffle or auction items or for the production of the event itself.

It is very common for nonprofit organizations to seek donated services from businesses and professional firms that they think might be able and willing to provide assistance on an event. Advertising agencies and graphics designers are often targeted for donations of designs and layouts for invitations, posters, and brochures. Printing companies are solicited to provide the paper, envelopes, and printing services for free. Newspapers are asked to donate advertising space. All types of retail businesses are approached to donate merchandise that can be used as gift items for raffles, auctions, or volunteer and guest gifts.

Depending upon the size and nature of the gift or service that is donated, a business may expect and be entitled to receive a significant amount of publicity in exchange for their donation before, during, or after the event. The publicity can occur in your printed materials, on signs, and in the program book and newspaper advertisements. Other forms of recognition might also be developed. You must have a plan for gift recognition before you begin soliciting gifts, and the plan should be shared with the donors you are soliciting. It is your duty to ensure that the recognition occurs as you have promised.

It is not uncommon for businesses that know their gifts are being used for auctions to request that they be told afterward how much the item ultimately is sold for. These merchants have made both a charitable and marketing decision when they selected the gift for you, and they need feedback about the response their item has received from the general public that attended your event. If an item has a low dollar value, or you suspect that it might not sell for a reasonable amount, it is a good strategy to bundle that item with others to create a larger and more attractive package for the buying audience. This tactic gives you the opportunity to develop unique and creative packages as well as have good news to report to the donors after the successful sale.

In all instances, donors should be told how their donations were used and should be thanked profusely and repeatedly for their generosity. When I was employed by a large charitable organization, it was my rule that thank-you letters, also known as "gift acknowledgments," go in the mail no later than 24 hours after we received the gift. Our prompt and sincere thanks in response to donors' generosity assured them that we were grateful and responsible recipients of their largesse.

Everybody in fund-raising has heard the old rule that donors should be thanked seven times for each gift. Few organizations are actually conscientious enough to do this. Many groups manage to botch even the first thank-you. If it's your job to say thanks, remember to do it well and do it often. Thank your donors in person, over the phone, and via a

handwritten or personalized note or letter long before you even begin to think of sending an e-mail or, heaven forbid, an impersonal standard form letter.

Grants

Grants can be obtained from corporations and foundations. Some corporations also have their own foundations. Grantsmanship is a specialty within the field of fund-raising. In this lesson, I will give you just a thumbnail sketch of grants and how you might acquire them.

If you would like to learn more about grantsmanship, there are classes available at many educational institutions, and numerous books have been published on the subject.

Foundations have formal procedures that you must follow in order to apply for a grant. You can get these procedures or guidelines by contacting the foundations directly or by reviewing their information published in directories or available on Web sites, including their own. There is a deadline for the receipt of applications and a time frame for consideration of all requests. Grants can be distributed all year long, monthly, every other month, quarterly, every six months, annually, or on any schedule at all that the foundation officials decide is best for them. Generally speaking, foundations do not like to give grants to support special events and will say so in their grant guidelines. Do not waste your time and anyone else's or ruin your social capital and community relations by ignoring these guidelines and soliciting foundations against their wishes.

On some occasions, nonprofit organizations get a grant to support a specific cause related to their mission or a new program they wish to initiate. At the same time, they may also be sponsoring an event and plan to designate the event proceeds to the same cause for which they received the grant. The timing of these two occurrences enables the nonprofit to recognize receipt of the grant during the event, although it was not actually part of the event proceeds. This frequently happens during a fund-raising campaign when multiple activities are being conducted to reach a goal.

Corporate grants are made formally and informally and by different contacts within the corporate organization. It is not unusual to have a company owner or chief executive make the decision on their own to award a grant or donation to a nonprofit organization from the company's coffers. In these situations, it is usually a peer of the owner or executive, who is also a volunteer at the nonprofit organization, who will make the request. Their personal or business relationship with the owner or chief executive lends credibility to the request and deftly applies the appropriate pressure to the request.

Other times, you may be directed to a specific company officer or department that handles such requests and will be told what you must do to apply and if your request qualifies for consideration. The company officer or department head may be the one to make the donation decision, or they may turn over the request to a committee of employees. In businesses that try to instill a sense of ownership and community service in their employees, this is a common practice. Sometimes the decision and money to support your organization is not coming as a charitable decision, but rather as a marketing decision. You need to know which corporate pocket you are dipping into. There will be different expectations attached to the gift if it comes from the marketing department versus the company's charitable fund.

Lastly, some corporations have formally established foundations. They have the same kinds of expectations, purpose and limitations statements, guidelines and timetables as any other type of foundation. The decision-makers at these foundations are usually very different than the folks making decisions from the marketing department and company charitable fund. You will find that they have a very professional approach to grantmaking and have a bigger view of what their philanthropy can and should be doing. It's not impossible to get a grant from them, but it may be more difficult. Prepare yourself.

Chapter 4

Underwriting and Corporate Sponsorship

Generally speaking, underwriting attempts to get sponsors to pay for specific items connected with an event. Sponsored items might be the reception, the bar, the flowers, the entertainment, the decor, the dinner, or the guest speaker. Any major line item in your budget has the potential to be underwritten. If you choose this sponsorship route, be sure you have an accurate idea of what the actual costs of these items are. Include a proportional share of the indirect costs of the event, which are not subject to or attractive for sponsorship, in your underwriting amounts. Staff costs, copying, and postage would be some good examples of items that are difficult to find sponsors for and should be addressed in your

budget and plan for underwriting. You're not done yet. You must prepare a clearly and compelling written description of these underwriting opportunities and their costs for distribution to your potential sponsors. This description together with a cover letter and commitment form are the tools you will use to seek underwriting.

The other methodology for sponsorship sets more arbitrary dollar levels, names them, and attaches benefits to each level. The levels are not tied to any specific event item, but rather to the event in its totality. In this system, the highest dollar level gets the most benefits and then the benefits decrease as the sponsorship level decreases. This is a very common approach to sponsorship and can be used to get funds from individuals, corporations, and foundations. You have seen this used many times in the old standby format of bronze, silver, gold, and platinum sponsors. Be more creative when you establish names for your sponsorship levels. You can get ideas from your theme and some of the festive aspects of your event. Sometimes the site of your event or the organization that is the event sponsor can provide you with creative sponsorship names. A food rescue organization in my community has named their levels after vegetables. I've always wanted to be a Big Rutabaga!

On a final note, there is a huge industry out there that deals solely with the issue of sponsorship for major events, festivals, fairs, shows, concerts, sporting events, and various assorted causes. Billions of dollars are available from international and national corporations who want to put their name, face, and products before large audiences that these events and causes attract. Just think about all the big corporate names and advertisers that are attached to international and national sporting events and well-known charitable causes. Sponsorship and cause-related marketing is an exciting and lucrative business for all concerned. You may find your own niche in this industry. If I've piqued your interest, do more reading and research on the topic. The sites in my Supplementary Material section will help point you in the right direction.

Chapter 5

Summary

I bet when you began this lesson you had no idea that raising money could be so complicated. Don't we all wish that we could just charge \$25, \$50, or maybe even \$100 and be done with the difficult task of paying for a charity event and raising money for a good cause? Unfortunately, it's not that simple.

Should you be assigned the task of working on a nonprofit event, remember that you have many potential resources to raise money. You can charge admission, sell ads or raffle tickets, auction off items, sell merchandise, solicit donations and gifts-in-kind, apply for grants, or seek underwriting and sponsorships.

Whatever you decide to do, remember that nonprofit organizations and charities are held to a higher standard of behavior than other types of businesses and organizations. They hold the public trust and must be good stewards of that trust and the financial support that comes with it. When one nonprofit organization or one activity within a nonprofit organization betrays that trust, everyone suffers. It is very difficult, and sometimes impossible, to restore trust once it is lost. I encourage you to be the best event planner you can be for the charities that you love or care about and to be an even better steward of the public trust.

Okay, I've climbed off my soapbox. I'm ready to talk about how to promote an event, which is the topic of our next lesson.

Supplementary Material

[The Foundation Center](http://www.fdncenter.org)

<http://www.fdncenter.org>

This site provides access to valuable information about grants and grantmakers that is extraordinarily helpful to grantseekers. The site offers a search zone, FAQs, an online librarian, newsletters, quick links, and much more.

[IEG, Inc.](http://www.sponsorship.com)

<http://www.sponsorship.com>

IEG serves sponsors, sponsees, and agencies in sports, arts, entertainment, events, causes, and association marketing through its products, services, and advocacy. They are the definitive word in all things sponsorship!

[Power Sponsorship](http://www.powersponsorship.com)

<http://www.powersponsorship.com>

This is a Web site produced by an established expert in the field of sponsorship. Kim Skildum-Reid, a resident of Australia, is one of the world's top corporate sponsorship consultants, trainers, speakers, and authors. This site offers really great free information and worksheets.

[Smart Marketing Streetwise Workshops](http://www.smsw.com)

<http://www.smsw.com>

This site is operated by Kim Skildum-Reid and Anne-Marie Grey, who have a business called Smart Marketing and Streetwise Workshops that offers sponsorship workshops through their offices in the United States and Australia. Together they have authored two extremely good and best-selling books on the topic of sponsorship. The books include more information than you would ever hope to get on this topic, worksheets, and a Toolkit CD.

[The Sponsorship Report](http://www.sponsorship.ca)

<http://www.sponsorship.ca>

The Sponsorship Report focuses on the Canadian sponsorship industry. It provides lively, in-depth coverage of the sponsorship industry and is helpful to Canadian corporations, arts groups, sports organizations, charities, government initiatives, events, and festivals.

FAQs

Q: Can free tickets to an event be a sponsor benefit?

A: Yes. Tickets are frequently used as sponsor benefits. The highest sponsorship level should receive the greatest number of tickets. The number of tickets allocated as benefits to each sponsor level decrease as the levels decrease. Tickets are always distributed in pairs because few people like to attend an event by themselves. Only you can decide how many free tickets you can allot to each level of sponsorship. This decision is made as part of your overall budgeting and planning process.

Tickets are usually not the only benefits that sponsors are given. Organizations try to identify and offer additional benefits that have a low cost to the organization but a high perceived value to the sponsor recipient. This can include sponsor names printed on the invitation, ads, and other materials such as signs that are strategically positioned at the event itself.

Assignment

Think of two or three major corporations in your local area that you might like to solicit as sponsors for an event. Check

the Internet to see if they have Web sites. Examine their sites for published information about a possible corporate foundation or corporate giving policy.

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