

Author Says Feasibility Studies for Capital Campaigns Are a Waste

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“Feasibility Studies: the Crack Cocaine of Nonprofit Consulting” is just one of the provocative titles to chapters in James LaRose’s forthcoming book, which is beginning to get some attention.

The studies, which many colleges, hospitals, and other nonprofits often use to assess whether their donors will support a campaign, are outmoded and a colossal waste of money, says Mr. LaRose, founder of the National Development Institute, a nonprofit organization in Lexington, S.C. He founded the institute to help improve the management and fundraising skills of the organizations donors support.

“Eighty percent of nonprofits don’t need to spend \$25,000 to \$50,000 to find out what they already know, that they aren’t ready,” he said in an interview with *The Chronicle*. “If you do perform a feasibility study, you should not hire the same consultant to run the campaign.”

But too many organizations do exactly that, Mr. LaRose said. In many cases charities pay consultants \$50,000 for a feasibility study and then get charged fees that typically amount to 5 percent of whatever the charity raises in its campaign. “So if it is a \$10 million campaign, the consultant could earn \$500,000 over a two- or three-year period,” he said. “It can be hard for a consultant to be as transparent as possible in doing a feasibility study when they stand to gain \$500,000.”

Required Reading for Running a Capital Campaign

A collection of articles and advice to help your nonprofit run a big fundraising drive.

- [Are You Ready for a Capital Campaign? Steps to Take Before Deciding](#)
- [How a Nonprofit Motivated Staff to Give to a Capital Campaign](#)
- [Capital Campaigns Increasingly Common, and They Work, Study Says](#)
- [Shrinking Capital Campaigns Pays Off for 2 Hospitals](#)
- [Billion-Dollar Campaigns Roar Back](#)

‘They Are Coming to Us’

Mr. LaRose is still writing his book, *Re-Imagining Philanthropy*, but it’s already attracting interest. CineVantage, a film company founded by Honnie Korngold, a former executive of Campus Crusade for Christ, who has known Mr. LaRose for a decade, is making a documentary about his work, using the same title as the new book.

“I have known Jimmy for years and watched him communicate these principles, and it became apparent to me that this was a story that needed to be told,” said Ms. Korngold. “I am interested in stories that are not sensational but reflect a truth that isn’t being talked about.”

Fundraising consultants are sure to disagree with Mr. LaRose’s views on feasibility studies.

“I don’t spend my day calling nonprofits and selling them a study,” said William Krueger, president of a Louisville, Ky., campaign consulting firm. “We are not convincing groups to do campaigns, they are coming to us. If you do a feasibility study as a planning process and develop a solid case and cultivation, then it is incredibly valuable.”

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Feasibility studies are just one of many fundraising practices Mr. LaRose said he plans to attack in his book, which he expects to publish this spring. It will use what he calls “the emperor has no clothes” approach to, as he says, “call attention to what everyone already knows but no one is talking about.”

For example, he said, to be effective nonprofits need to give more attention to donors who support their work than they do to the people they serve. “Money,” he writes, “is more important than mission or ministry. Money is oxygen: Without it, you can’t breathe.”

Mr. LaRose said his goal is helping charities do a better job of preventing and solving tough social problems like world hunger, teen pregnancy, and high incarceration rates. “It is ridiculous that we’re not more effective.”