

Corporate Fund-Raising Creating Strategic Partnerships with Donors

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Every experience is obviously unique. However, sharing our experience sometimes allows others to benefit from some components, which can be adopted and adapted to their own realities. This is the purpose of the following pages which summarize the story of Chile's "Libertad y Desarrollo", what we do and how we do it.

WHO ARE WE?

Libertad y Desarrollo is a think tank created in 1990, by Hernán Büchi (former Finance Minister and candidate to the Presidency of the Republic) along with a group of valuable professionals, who participated in the design and implementation of the economic and social free market policies undertaken by Chile in the mid-70's and the 80's. The goal was to create a center from which qualified professionals could contribute and defend the best public policies based, on a free social order; and where younger generations of professionals could learn and continue to propose and study public policy.

Libertad y Desarrollo was born with the firm conviction that there was an opportunity to continue the process of becoming a more developed nation, and that personal freedom was the central value needed to achieve this objective.

When we started at LyD, we were 5 people; now it has grown to become the biggest think tank in the country, with 24 full-time researchers, 50 associate consultants and a network of more than 400 experts in different sectors who collaborate in different ways.

We defined our mission as; an independent institution that elaborates, proposes and promotes public policies based on a free social order. It is important to point out that a special opportunity to work with Congress was presented in the year of our foundation, full-fledged democracy was restarting, and the new Congress members in many cases lacked experience or skills in public matters. Furthermore, the technical support system and staff of Congress was restored in 1990, according to the lines prevalent between 1925, and 1973. This meant, in general terms, high proficiency in legal matters as well as legislative procedures, but also a notorious lack of expertise in economic and other technical areas. Therefore, LyD's assistance was generally welcomed, not only by the more free market-oriented opposition senators and representatives, but by some Government coalition members as well.

In order to facilitate our work, we organized ourselves into programs—each one in charge of a senior expert, backed by a group of younger specialists—aimed at critical areas. We

started with a strong focus in the field of economics, and we concentrated on the national and international economy. Main study subjects now include macroeconomic policies: regulations, infrastructure, labor and capital markets, fiscal budget and taxation.

- Legislative Program concentrates on subjects such as constitutional studies, economic and legal analysis of bills, and technical assistance to members of Congress.
- The Civil Society and Politics Program works on subjects such as crime prevention and control, corruption, local governments, cultural policies aborigines and surveys.
- The Social Welfare Program includes the areas of education, poverty, health and housing.
- The Environmental Program is the most recent one and responds to an increasing public and political concern with this area. It presently studies subjects related to natural resources, mining, and regulation policies for air, water and soil.
- The Communication Program is in charge of the relations with the press and media. A natural priority of the executive direction is that every single one of our proposals or studies aims at promoting a freer society, and that every paper, document or book with our proposals and opinions we release gets as much media coverage as possible. We therefore work very intensively with instruments such as press releases, press conferences, and informal meetings with the media. Writing columns and articles in the press is a permanent activity of our experts.

A decisive component is, of course, the Fundraising Program—which will be examined in more detail.

FUNDRAISING IN LyD: OUR CUSTOMERS ARE DONORS AND SUBSRIBERS

First of all it should be recalled that fundraising is not easy in Latin American countries, with no tradition of donations, and no substantial or even real tax-deduction laws.

Secondly, strict guidelines for our think tank were established. The most important one has been followed from the very first day: no donor or donors will ever condition or influence our opinion in any sense, directly or indirectly. Our way of doing this has been to separate the financial and administrative duties. As a matter of fact, most of the researchers do not even know who are our donors and subscribers.

We have also decided not to include entrepreneurs; however, they may be important and welcome to some of our activities. Our board is therefore exclusively composed of individuals and academicians known for their credit and relevance within the country, that believe in a free society.

We do not accept financing from entrepreneurs with whose views or styles we do not agree.

We have no public financing from the Government and we do not work for private consultancies. We only do some consultancies in other countries if it clearly fits into our objective of studying public policies and helping to add internationally compared experience.

OUR CUSTOMERS

We defined our customers as the policy makers, opinion leaders, legislators, business community, media, academicians, students, donors and subscribers.

OUR INSTRUMENTS

One of our key factors has been being systematic in our work:

Our main releases are:

- 3 weekly reports (Public Topics, Legislative Review and International Economic Report)
- 5 monthly reports (2 in-depth report studies on specific subjects, our magazine *Libertad y Desarrollo*, our International and National Economic Reports)
- Daily work to update our web page www.lyd.org
- Press releases; opinion columns in newspapers, books (2 to 4 per year)

Our main activities:

- Twice a month we organize special meetings for donors.
- Twice a year we organize special seminars for donors.
- 12 to 18 seminars a year on different specific areas such as Education, Poverty, Health, Justice, etc. and at least 4 monthly round tables to discuss papers or analyze specific public policies.

OUR PRODUCTS

A well-known general rule applies: to sell our product we must show our potential clients that what they buy is different from and better than other similar products. What they buy from us, they cannot get elsewhere. Our product is unique.

LyD offers two sorts of goods:

People give because they expect something back. They buy a specific study, review, or magazine, but they also give because they care for a better future for themselves and their families. They support because they know that by doing so someone—i.e. LyD—is worrying about laws and political and administrative measures that will affect their lives—their business, their children's education, their political environment—in the near future.

- **Public Goods:** Big donors buy not only our studies and seminars but also pay for a public good: to disseminate and promote adequate and sound public policies that contribute to more freedom, transparency and democratic values, as well as a more reasonably limited government.

- **Private Goods:** Medium and small size business and individuals are willing to pay for a study on a law, a magazine, or an economic report.

We also sell specific studies; we give lectures on economic, social and legislative matters. This additional source of financing has increased with time.

We have divided our donors into different categories: according to the amount they give, they receive different products. (For instance, the first category we have copied from the Heritage Foundation).

The President's Club:

- Special meetings with the President of the Board and top authorities or personalities.
- Monthly meetings with high-level executives to analyze economic, social and legislative matters.
- In-depth information on bills in Congress.
- All of our studies and invitations to all our open activities.

V.I.P. Donors:

- Monthly meetings with high level executives or monthly meetings with medium level executives of LyD.
- Information on bills in Congress.
- All our seminars and meetings.
- All or some of our studies.
- Access to our technical information, upon request.

Medium size donors:

- Different publications, depending on their interests.
- Information on bills in Congress on specific matters.
- Two closed seminars a year, in which the economic and political situation and perspectives of Chile are analyzed.
- Invitation to all our open seminars.
- Access to our technical information, upon request.

Subscribers to specific publications:

- Specially meant for individuals more than enterprises.
- Subscriptions to our different publications, such as Magazine, Legal Review, Economic Reports.
- Some of them are also invited to two closed seminars a year, where the economic and political situation and perspectives of Chile are analyzed.

Other sources of financing: special projects

- Special projects specially financed by Chilean or foreign institutions
- Free Market Policies Seminars to foreign delegations
- One or more conferences on different public policies or the economic situation.

On some occasions we have created special projects to find resources. This was the case when we organized the first General meeting of the Mont Pelerin Society to be held in South America. 3 of the 4 Chilean members of the MPS at that time worked at LyD. Another project that required special funding was the new house for LyD.

OUR STRATEGY

When we first started we had a big asset: very important and renowned policy makers like Hernán Büchi, Carlos F. Cáceres C., Cristián Larroulet, Hernán Felipe Errázuriz, Lucía Santa Cruz, and Patricia Matte—all very well-known personalities in Chile in whom people had confidence. All these are names people feel safe to trust. This made it easier at the beginning, but after that first period we had to prove that our work was worthwhile to finance.

First of all, we require periodical funds. We try to secure regular monthly funds. We therefore created contracts with our subscribers for specific studies and seminars ,or for specific conferences and meetings with executives.

We also create special projects for special purposes (e.g., more adequate facilities, considering the staff increase). After having proved for several years that we are able to do a good job, we have been able to try special projects in order to collect additional funds (Mont Pelerin Society Meeting, new house.)

It has proven to be hugely important that key staff—i.e. the Chairman of the Board, the Executive Director, the General Manager, and occasionally the Deputy Director—is involved in the fundraising.

At least once a year, we prepare a program to identify possible donors. This is periodically reviewed.

We look at the possibility of upgrading current donors: It is always easier to maintain and upgrade current donors than to get new ones. We are also constantly looking for information on the enterprises, to find out whether they are having difficulties, if there are fusions, if they have been sold, how not to lose them. Periodically, you need to give additional or better services as the market changes and the information you used to give can be freely attained or becomes available in another way, etc.

New donors: To approach possible new donors we look for information through friends; in lists of enterprises and entrepreneurs; in newspaper information; we search in civil society institutions and business associations. To get to individuals, we use mailing lists from where we select the most probable customers.

Once the target is decided

We revise the following to-do list and analyze the possibilities of success.

- Identify one or more key persons who show good will or at least neutrality towards us.

- Identify which is the best way (or ways) to get to the key person or enterprise we want to contact.
- Define in each case what the donor wants, and what we can offer.
- How will this project meet the donor's needs and interests?
- Prove to them that our product is unique.

This is not enough, since we must then define the best way to achieve the purpose:

- Personal visit with the executives.
- Letter with a follow up telephone call.
- Direct mail with follow up.
- Thank the donor.

Once the possible donor has agreed to become a donor:

- We regularly send the documents and invitations as promised.
- We identify the important individuals in the enterprise. We carefully follow the changes in the enterprise executives: the persons that most probably will continue in the relevant posts; those who will lead the institutions in 5 or 10 more years. In the family business we identify the second generation that will follow and start inviting them to our events and sending them our work for them to know us. We organize special meetings with them.
- We get the maximum information on the contacts: their assistants and any relation or contact with them, in order to find out who is the most reliable contact for LyD.
- We keep in touch with them regularly through documents, telephone calls, and invitations.
- At least once a year we send them a personal letter informing them of our achievements.

Creating strategic partnerships with donors

It is important to create a partnership with donors. If they gave to you once, you have to try to keep him or her as a donor, and your actions must be focused on how to keep them. The donor wants to know that his money is well spent. He appreciates the fact that we are worrying about problems 3 or 6 months ahead, and we are constantly analyzing the current situation and forecasting the problems.

The key concept is that the donors will finance and continue financing if they see results. Therefore:

- LyD must show what it does with regularity and stability; it must show the scope of its influence on public opinion and a consistent, high-level performance. Not only trying, but achieving. Our work is not easy, sometimes we cannot attain (or openly show) new achievements in freedom standards, and—given the political situation—it often happens that the most we can do is what we call “damage control”. However, the donor knows this and appreciates it.
- LyD never forgets (or lets others forget) that it is an institution that produces ideas: the importance of human capital is foremost for the think tank—as it is for society in general.

Think tanks are institutions where human capital is decisive: we *have* to think, since we exist in order to think. But we also have to *produce*. And if we believe in a free market, we have to prove its social superiority with facts, by being very efficient and offering very specific and valuable products. That is why we have standardized our products. In more than 15 years of work the result is that the customers are favorably impressed with the efficiency of our institution, our studies, seminars and our constant presence in the media.

We concentrate our efforts in order to attain:

- Rigorous and detailed analysis, which are technically realistic.
- Permanent media coverage for our studies and researchers so as to disseminate our technical opinion. Experience shows that it is now more difficult than 10 years ago to have our opinion reflected in the media—the nature of which has also changed in this period. That is why we particularly strive towards:
 1. Producing more and new investigations on specific issues.
 2. Being very timely with our studies. Every time there is news in the media on a certain subject, we immediately jump into the public debate and remind people about our propositions and opinions.

- We work with Government authorities and members of Parliament and with other institutions, whenever they request or accept our collaboration, whether they share our views or not.
- We strive to achieve an extensive dissemination of our documents, proposals and studies.
- We aim at spreading our influence through our web page—nowadays, an absolutely indispensable tool.
- We produce timely reports with useful additional information. Our “added value” marks our difference with newspaper editorial opinions, for instance.
- We keep inviting media people and representative personalities of all areas to meetings, round tables and seminars.
- We make sure that they get to know that their contribution and participation makes a difference. When appropriate, we send them a personal letter to thank them.
- Whether they share our views or not, we send them information on our activities.

LyD is a long-term project; we therefore promote programs for young professionals and students in LyD. They are the ones who will continue our work in the future. This includes public policy conferences, the “Free Society Award” to promote thesis proposing private solutions to public problems, seminars for young professionals, workshops to discuss specific issues, internships, and special links on our web site.

CONCLUSION

- Fund raising is a permanent task
- Donors must realize that financing LyD allows them to concentrate on their specific work, whilst knowing that, meanwhile, we are working for a freer country and fighting against regulations, always looking ahead at possible issues to come.

Based on a presentation delivered at the Atlas Liberty Forum in April 2006

- We are always aware that it is a long-term relationship.
- We know that we will face many rejections—and we have—, but perseverance prevails. If we work hard, the reward is granted sooner or later. For instance, when we sent letters to our donors informing them about the Templeton Award Libertad y Desarrollo received, we got several answers stating that they felt they had made a good investment and felt proud of financing us. This kind of feedback reveals the importance of building a relationship of real trust with our clients—one which is vital for subsistence in our line of work.