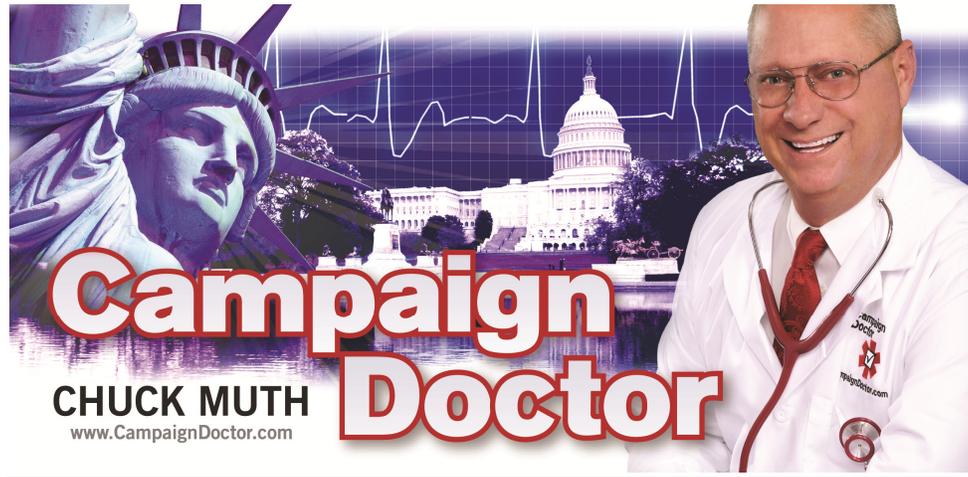


SPECIAL REPORT



How to Raise Your First \$5,000

...and a Whole Lot More!

By Dr. Chuck Muth, PsD
Professor of Psephology (homeschooled)

Audio Transcript

Tele-Interview with Mark Montini of Campaign Secrets

Interviewed by Chuck Muth, "The Campaign Doctor"

Mark Montini is chief marketing officer for M2M Strategies, former Director of the Grassroots School for the conservative Leadership Institute in Virginia, and founder of Campaign Secrets, Inc.

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Chuck: Okay, thank you for joining us today. Our special guest is Mark Montini, founder of Campaign Secrets. Mark, thank you for being with us.

Mark: My pleasure, Chuck. Thanks for the invitation.

Chuck: Tell us a little bit about your background so folks who may not be familiar with you know exactly what you've been doing for all these years.

Mark: Sure. Well, I had the wonderful opportunity at a rather young age to spend about 10 years of my life traveling around the country with the specific mission of training grass roots conservatives on how to be effective when it came to running political campaigns and other elements of the public policy process.

And I had the wonderful opportunity to meet literally thousands of people around the country who had a passion to go out and decrease the size of government and lower taxes and promote a lot of the values that many of us hold near and dear.

And during that time, I met a lot of good people. And then transitioned my career into actually getting involved in the campaigns as a consultant and an advisor - which led me to ultimately start our company, Campaign Secrets.

Chuck: Okay, we're going to talk about how to drive people to a website a little bit later on as far as making online contributions, but how important is it to be able to take online contributions for a small down-ballot candidate that most people aren't paying a whole lot of attention to? Like a school board race or a local county commission race.

Mark: The reality is, Chuck, to answer your question, the ability to take online contributions is getting more important every single day. Because if you look at all of the statistics out there, you see that more and more people are becoming comfortable entering that credit card online - whether it's to buy something from Amazon.com or whether it's to make a contribution to a political campaign.

So the trends are very clear - and they show no sign of slowing - that more and more people are making contributions online.

It would be even more important in my opinion for local candidates to have an ability to accept online credit card contributions because of the way they're likely to raise money. And let me tell you what I mean.

If I'm running for Congress or if I'm running for United States Senate or Governor or one of the big seats, I have a good group of donors within my state, or even within DC, who are ready to contribute to my campaign. Most of those donors are already ready to cut a check and send it to me. They're all geographically generally pretty close to where I am.

But in order for me to maximize my fundraising if I'm a local candidate running for city council or school board, I'm really going to have to leverage my network across the country. I'm going to be having contributions sent from my old college roommate who lives in Maine and my grandma who lives in California and my brother-in-law's neighbor who I played golf with two years ago who lives in Texas.

And the fact of the matter is, if you don't have that online contribution capability set up on your website, you're going to lose the flexibility to reach out to a national network and get \$25 and \$50 and \$100 from these people, almost overnight.

So you can make the argument that it's actually more important for a smaller campaign to have that online credit card processing capability because they're

going to raise more of their money in a geographically diverse area primarily through the web if they run an effective political fundraising program.

Now, in terms of the second part of that question, how do you go about processing credit cards?

There are really three solutions that you need to consider, and I'll do some rough math so the people who are listening to this call can figure out which one is better for them.

The first solution is to take the traditional merchant account approach. And for anyone who has never set up credit card processing before, it can be a little daunting.

Basically what you do is you submit a credit card application to a company that processes credit cards. And what they're saying is, since you're going to be taking money in and potentially you're going to have to issue refunds, we want to make you personally liable for the money that comes through the account.

So 99 times out of a 100, if you're going to accept credit card contributions the traditional way, you're going to have to guarantee that account with your personal credit.

The charges that go along with this traditional way is typically an application fee that runs anywhere from between \$50 and \$250. There's a monthly, what's called a gateway fee, that's mandatory. That's going to cost you anywhere between \$10 and \$20 per month.

There's also a monthly statement fee which will cost you somewhere between \$5 and \$20 per month. There's a transaction fee which is usually somewhere between 10 cents and 25 cents per transaction.

And then you have a percentage of all of the transactions that the merchant company takes. That, typically for political campaigns, runs between 2% and 3%.

So in that option you have a lot of little fees that add up over time. So you need to be able to process a certain amount of money to make that the right financial decision for your campaign.

The second option you have is what's called a flat fee provider. And in that case, you actually don't have your own merchant account. You're leveraging someone else's merchant account. And they typically charge a larger percentage, but it's a flat fee. Most of the time they'll range between 10% and 12%.

At first blush, most people think that's very expensive. But that's your only fee.

So a \$100 contribution comes in, you get \$90 in proceeds, let's say, if you're in a 10% account.

You haven't had to pay the setup fee. You haven't had to pay the statement fee. You haven't had to pay the gateway fee. You don't pay the transaction fee. You just pay that one flat fee.

And if you do the math, somewhere between \$300 and \$400 a month is the point where you need to switch from one to the other.

If you're going to process less, and let's just say \$400 a month, it's actually a better value for you to set up a flat fee processing account. If you're going to process more than about \$400 a month, it makes financial sense for you to go out and get your own merchant account.

Now the third option that's out there is PayPal.

And PayPal charges roughly about 5% of your contribution. But in tests that we've run over the years, PayPal actually gets a little bit lower response rate than a traditional credit card processing account, whether it be flat fee or traditional merchant account.

I think the reason is that a lot of people still just instinctively think with PayPal they have to have an account. So if they don't have an account they just don't make the contribution.

To sum up, your three options are to set up your own merchant account, to sign up for a flat fee account or to go ahead and go with PayPal.

If you're going to be processing less than \$400 a month I'd recommend the flat fee account. If it's going to be more than \$400 a month, it probably makes sense to go ahead and set up your own merchant account and just integrate it into your website solution.

Chuck: Okay. You made me think of something here about contributions online.

Just as an example - and then I want to take this down more to the local level. But the example I want to use was in 2010. We had the senate majority leader, Harry Reid, running for re-election against a candidate who, frankly, outside of the state of Nevada no one had ever heard of before.

And yet she was able to raise I believe over \$15 or \$20 million from people outside of the state of Nevada who had never heard of her simply because of who she was running against, Harry Reid. It wasn't so much that they were giving money to Sharon Angle as they were giving money to beat Harry Reid, who they knew. People in Florida or Iowa were able to donate to her Nevada campaign online through her website.

Now can you translate that down to a local or state race? Can local and down-ballot candidates, maybe running for a local town race, be able to get contributions from people at the other end of the state simply because of what they believe in or who they're running against? Have you had an experience like that?

Mark: Yeah, you really - everything has to line up perfectly to do that, because again, if you're running for city council, unless you're lucky enough to have drawn an opponent who had done some crazy stuff that you can - that is an enemy of an existing movement that wants to get that person out. If you're in that situation, yes.

But it's almost a flipside most of the time with local candidates, because with local candidates what their focus needs to be on is raising money from their friends and family. And one of the biggest mistakes that local candidates make is they limit their fundraising to friends and family who live nearby.

If you think about it, we all probably have a Rolodex or a network of maybe 200 or 1,000 people that we know in our general area. But if you begin to think outside your general area of how many people you know across the country through business, through people that you went to school with, through friends that have moved, all of a sudden that 200 to 1,000 becomes 3, 4, 5,000.

And that's really where you get the momentum that you need to take your fundraising from raising a couple thousand dollars to raising \$20,000 or \$30,000. And in these local races, that extra to \$10,000 to \$15,000 can make all the difference in the world.

So it is possible to do what Sharon Angle did - but you really have to run against the perfect candidate and you've got to spend some time, in essence, demonizing them so people who oppose their values know that this isn't just another candidate for city council; this is an activist who is actively working to undermine everything we believe in.

I would do that secondly to making sure you're leveraging your network of personal supporters who are contributing to you because you're a friend, not necessarily because of what you stand for or who you're running against.

Chuck: So let's take this up from the local but down from the federal level - a state legislative race.

Let's say you're on the east side of any given state and you're running against someone who is clearly anti-gun with a record of being anti-gun. You do have the ability, because of that issue, to reach out to gun owners - not just throughout the state, but maybe even around the country - simply because of a particular issue. Would you agree with that?

Mark: Absolutely.

You know in that sort of situation you kind of have the hybrid where you get the best of both worlds. Because you can still reach out to your network but you also have the opportunity to educate folks who are very strongly second amendment in the fact that this one person that you're running against is standing in the way of their agenda.

And so in that sort of scenario that you outlined there, absolutely you can not only go statewide but you could even go beyond that and that really just sets

the - puts the spotlight on the need to be able to accept credit card contributions. Because what's likely to happen is you're likely to have one or two opportunities in that campaign where you get, in your example, the gun owner activist - you get them riled up over this opportunity. And within a day or two you've raised thousands of dollars.

If you're not set up to do that before that opportunity comes, you may well miss it.

We had a candidate that I was familiar with, probably four years ago, who had that happen. All of sudden, the NRA (National Rifle Association) sent out an appeal in the state targeting a state senator that the candidate was running against. And the NRA community across the state jumped up and they were ready to do everything they could.

But they went to the campaign website and there was no ability for them to make contributions. By the time they had a contribution page set up, the storm had kind of calmed down. And while they still received a few thousand dollars here and there, they really missed that opportunity.

So in my mind, on a list of priorities, that's got to be at the very, very top - because you never know when you're going to have that opportunity. And as we all know in politics, 48 hours can be the difference between victory and defeat.

Chuck: Okay, got it. Now let's get into it.

I know you've experienced this over all the years that you've been doing campaigns as I have: A candidate will come to you who knows that you're involved in campaign consulting and you've been at this for a long time, and you start to ask them questions.

And one of the first questions, of course, is, "How much of your own money are you putting into the campaign?" Or, "How are you going to raise money."

And a response to this I get so often is a candidate who says "Well, I'm not going to worry about raising money. I'm just going to go and walk door to door and tell people one-on-one what I believe and that's how I'm going to win this race."

When you hear that, Mark, what goes through your mind?

Mark: First of all, that the candidate doesn't understand how to run an effective campaign.

Not because the door-to-door tactics are wrong, but if you look at a campaign from 40,000 feet and you look at the research that has been done, what it tells you is that when you're at the local level - maybe state senate on down - somewhere between 50% and 75% of the undecided voters who are going to cast a ballot in your campaign aren't going to make up their minds as to who they're going to vote for until the final two weeks of the election.

So while you're knocking on doors, you're planting seeds in their mind of who they're going to vote for. But they aren't going to make that decision until the final few weeks of the election.

And when I hear a candidate say what you just said, what that tells me is that when it comes time to be able to communicate with those people via the mail, via the radio, via billboards, via yard signs - that candidate is going to come up short.

They could have done a very good job of going door to door. But when it actually comes time when "undecided" voters are making up their mind, for every dollar they had, their opponent is going to be spending \$4. Or for every dollar they have their opponent is going to be spending \$6. And that's just an advantage that the best door to door campaign in the world can't get over.

And so tactically that makes a lot of sense. And the candidates should be out going door to door.

But if they believe that going door to door is a replacement for effectively raising money, they don't fully understand how campaigns play out. Because I assure you that if their opponent is running an effective campaign they're raising money and storing it up for that final two to three weeks of the campaign when the majority of voters are making their final decision.

And if you're out-spent two, three, four, five, six to one in those final three weeks, regardless of how many doors you knocked on, you're going to have a hard time overcoming that advantage.

Chuck: I think some people hearing you say that 50% to 70% of undecided voters aren't making up their minds until the last two weeks.

Mark: Let's assume that somebody listening to this completely disagrees with that and says, "Well Montini is an idiot when he says something like that." That's okay.

Let's say that you have 101 people in your district. And 50 of them are already going to vote Democrat. And 50 of them are already going to vote Republican.

That one remaining person who's going to make the difference on whether or not you win or lose is probably going to make their final candidate decision in the last two or three weeks.

So you need to be in a position to be able to focus your resources on that group - big, small or medium-sized group - of late-deciding voters who are going to make the difference in whether you win or lose.

Chuck: Okay. I have heard you and others in this campaign training business for years make the point that when it comes to fundraising, money isn't given, it's raised. Explain that.

Mark: You know a lot of people have the mindset that "Okay, I'm the Republican candidate. I'm going out and doing good work. People are going to find me because they're excited about what I'm doing." But the fact of the matter is there's more to it than just being on the right team.

When I talk about fundraising for non-profits; and when I talk about it with campaigns as well, there's the capacity to give but there's also the affinity to give. And you can't separate the two.

A lot of people get into raising money and say, "Well this person has money so they're going to make a donation to me." In other words, they have the capacity to give. But without the affinity, the capacity is irrelevant.

And so you create the affinity by doing the hard work - by going out and thinking through why this person would give to my campaign. How do I need to talk to this person? Why motivates them? Why would they buy into the

vision that I'm promoting for my campaign? What does my campaign represent? And how can I get them excited about that?

Because capacity is one thing. Everybody has the capacity to give something. Some people have a capacity to give a lot; others have a capacity to give a little. And when it comes to fundraising, a lot of candidates focus only on capacity and completely forget about the affinity.

They need to focus on building a relationship that creates the affinity within that donor to give whatever they can based on their capacity. And that takes work. That just doesn't happen naturally when you become a candidate.

Chuck: Okay. Talking about fundraising for a candidate in general - and I understand that organizations are different from campaigns, a little bit different - but primarily for candidates. What are the most important things new candidates need to know about fundraising?

Mark: Well I think the most important thing for them to know - and this is not necessarily about fundraising...

I'm going to answer that question in a minute - but I think the most important thing for new candidates to know is that in my experience, the biggest reason, the number one reason that candidates lose is that they end up being significantly outspent in the final 14 days of the election. It's just what we were talking about a few minutes ago.

And so if I'm a candidate who's running for office, I'm building my entire fundraising program around making sure that I have enough money in the bank in that final 14 to 21 days; that I'm not going to be significantly outspent.

Because if I'm significantly outspent in that final 14 to 21 days, all the hard work that I put in, in the months leading up to that time period, is ultimately going to be covered up by the fact that my opponent was able to send more mail than I was, do more radio than I was, put up more billboards than I was, make more phone calls than I was.

And so the mindset has to be you're not raising money for today, you're raising money for tomorrow.

A second thing that I would point out is that in a lot of ways raising campaign money is very similar to investing.

Anyone who's ever invested knows about the term compound interest; that you invest a little bit or you save a little bit and the interest that you get paid today, you get paid interest on that tomorrow, and that interest continues to compound.

The same is true when you're raising money for a campaign.

It's going to be very hard for you to raise money a year before your election because no one cares. And it's easy for candidates to get discouraged and to go out there and say, "I'm going to quit doing my fundraising because it's not going very well."

But the fact of the matter is, \$100 that you raise in January is equivalent in its impact to probably \$400 that you raise in October. Because in October everybody is focused on the election, and it's going to be a heck of a lot easier to go out and raise that money than it is in January.

But in January, raising that money then sends a signal to everybody that you're a serious candidate and therefore they're more likely to invest with you.

So you've got to build your fundraising mindset from the perspective of ultimately "I'm raising money early because it's going to multiply throughout the campaign so that when October rolls around, I have the money I need to make sure that I am not significantly outspent in that critical final two to three weeks of election."

Chuck: Okay, with a candidate, I understand about the hard money early. But I think most candidates will probably say that's fine; October I've got to have the money.

But a well funded incumbent in June takes a shot at you and you almost - do you have to respond in June? Do you have to spend that money? Or do you just grin and bear it; just ignore it and don't respond, and just have to wait until October?

Mark: Yeah, it's one of the hardest things to have candidates do. And I respect that, because it's not my name on the mail piece that says that they kicked their dog.

So I understand it. But in that case, if you're against a well funded incumbent, the right decision is to get in the corner and cover up and take your shots in June. Because you might feel good when you respond in June but that good feeling is going to go away when you realize that in October, when it really matters, all that money you spent responding in June isn't available to you to spend again.

And in that case, you would have done all of the work you needed to do not to be outspent in the final two to three weeks, but you wouldn't have gotten the benefit of it because you weren't disciplined enough to realize the point of a campaign isn't to win every battle.

The point of a campaign is to manage your resources in a way that will allow you to win the war. And the war is ultimately won or lost in the final two to three weeks.

Chuck: In your experience, when it comes to fundraising, what separates a good candidate from a bad candidate?

Mark: What's going on between their ears.

I do a lot of seminars, Chuck, and I honestly, probably eight years ago, completely changed how I taught fundraising.

Because one of the things that makes us somewhat unique is that most of the time we not only do the seminar, but we also then work with candidates after the seminar. So I had an opportunity to see if candidates really understood what we taught.

And about eight years ago I changed the way I taught fundraising because I came to one simple realization...

There was nothing I could teach that would overcome a candidate who had already decided he wasn't going to raise the money he needed to win. And there was nothing I could teach that would prevent a candidate who had

already decided he was going to raise the money he needed to win from raising that money.

So when I teach fundraising now I start by telling the people in the room...

“Look you’ve already decided whether or not you’re going to raise the money you need to win. Some of you are sitting out there right now going through your mind, coming up with all the reasons why you’re not going to be able to raise the money you need to win. And I’ve heard them all.

“You don’t have a good network. You’re not well connected with people who have money. The party doesn’t like you. You don’t have a lot of experience. You’re not comfortable selling. You don’t like asking people for money. I’ve heard them all. But all of those are what will keep you from raising money.

“I can show you and make it easier for you to raise money. But if you haven’t decided that you’re going to knock down walls to be able to raise that money that you need to be an effective candidate, if you don’t have the right mindset, the odds of you being able to do it, regardless of what tactics you use, are slim to none.”

So to me what separates the good fundraisers from the bad fundraisers is that good fundraisers have that marine mentality which is, “I’m going to run into the wall as many times as I have to until it falls over. Because my job is to get to the other side of the wall.”

The bad fundraisers are the ones who are looking for a little rock on the ground and says, “Oh boy, that rock is too tough for me to be over. I just can’t do it. I’m going to knock on doors or go figure out how to put together a new brochure.”

The candidates that are good fundraisers make up their mind early on in the campaign that they’re going to be good fundraisers and they never get distracted from fundraising.

Chuck: And for those who have never done fundraising, or find it scary or uncomfortable in the beginning, so they just go out and, again, we get back to the candidate who says they’re just going to walk door to door.

What I advise these candidates to do, Mark, if they've not done this before, is, "Go ahead, do your door to door. Make your pitch. Talk about your issues. And when you leave just ask every person that you come upon for \$1."

And it's not because the dollar itself is going to make or break your campaign. But it helps change your mentality. I mean who can't ask for a dollar? Who can't give a dollar?

I mean, if you spent five minutes or 10 minutes at the door, surely you should be comfortable enough to ask for a dollar. And once you get in that habit of asking for a dollar, it becomes easier to ask for five, or to ask for 10, and then 100, and then 1,000.

Mark: Yeah absolutely. And I think in a lot of ways, this really exposes the motive.

I make a lot of people mad when I say this, but I say it because I think it's important. There's only two reasons to run for office: You run for office because you want to be somebody important or because you want to make something different.

You want to bring about change. And if you say I'm not willing to do those things that make me uncomfortable, then what you're saying is you'd rather have things continue the way they are than be uncomfortable and bring about change.

So really you're not somebody out there trying to bring about change.

What happens is we have too many candidates that say, "I want to change the world but I'm not willing to do stuff that makes me uncomfortable to make that happen."

And for me personally that just doesn't ring true. That rings hollow to me. If you're truly committed to bringing about the change you're advocating, you ought to be willing to try things that make you uncomfortable if that's what it's going to take to win.

Chuck: So when you talk about attitude, I'm assuming you've come across the attitude that asking for money is uncomfortable for a lot of candidates because

they have in their mind that they're asking for money from people to give to them personally.

But that's not really what the money is for. It's not really going to them. And they just need to change their attitude that it's for the cause or the race or something.

Mark: Yeah, and that is right on the money, Chuck.

What you are giving people the opportunity to do is to do something, to invest in something they'd like to see done but they couldn't do on their own. And that's ultimately what they're doing.

You're just giving them an opportunity to invest in something they want to have done but they don't have the time to do it on their own. And what I always talk about is that there are really four motivations that donors have and I think this is what you're hitting on there.

One motivation is partisanship. There are those donors out there that will write you a check simply because you represent the party that they are loyal to.

The second motivation is benefit. There are people out there that will contribute to you because you are the person in the best position to bring them a benefit, to get them what they want.

A third motivation is a relationship. Meaning they know you, your parents, your friends, your neighbors and they're contributing to you because they believe in you and they want to see you be successful.

And the fourth motivation is revenge. They're giving to you because they hate your opponent.

And those are really the only four motivations that people give. And all of those motivations, maybe with the exception of relationship, are about more than giving to you.

They're about using you as a vehicle to make something happen; to bring about a benefit, to further their party's objectives, to get revenge on the person that

has done bad things to them over the year through legislation. They're not giving to you personally.

And what you said is dead-on in the sense that if you go out thinking you're asking them to give you money, you're going to struggle to raise money. But if you realize it's bigger than you; it's more important than you, your mindset is right that you're giving them an opportunity to be part of something bigger than any individual.

Chuck: Depending on where you are at what point of time in the campaign, how much money should a typical candidate be spending on fundraising and how much on the other aspects of a campaign?

Mark: Well, as the closer you get to Election Day, the more you should be spending on voter contact. The further you are away from Election Day the less you should be spending on voter contact.

I always like people to think of it as kind of a ratio. You look at a four to one ratio in the first quarter of your campaign, however long your campaign is.

If your campaign is four months long, the first quarter of your campaign is one month. If your campaign is a year long, the first quarter of your campaign is three months. And the first quarter of your campaign it should be four to one in favor of fundraising.

So for every four hours that you spend on your campaign, you should spend most of that; 80% of that, on fundraising. If you're going to work 10 hours a day, eight of those 10 hours should be on fundraising. You can have the other two hours to do other stuff.

The second quarter of your campaign it should become three to two; meaning that three hours spent on fundraising, two hours spent on voter contact.

And then as you get closer to the campaign it flips where you have two hours on fundraising, three hours on voter contact. And then one hour on fundraising, four hours on voter contract.

That same formula applies to money. If you're going to spend \$5 in your first quarter, \$4 of that had better be spent on fundraising not on voter contact

activity. Whereas in October if you're going to spend \$5, \$4 of that should be spent on voter contact and \$1 of that should be spent on fundraising.

The catch here is that ratio only works if you raise that money early because the reason you don't have to focus as much time raising money in September and October is because you've done a good job laying the foundation for fundraising in January, February, March, in the early parts of your campaign.

If you're not committed to raising money early in your campaign, you're going to have to spend more time raising money left in your campaign, which means less time and less money to be able to reach out and contact voters.

So I like to use that ratio, generally, that it should be four to one in your first quarter, two to three in your second quarter, three to two in your third quarter and then one to four in your fourth quarter - for both your time, as well as your money.

Chuck: Okay, I don't want to talk too much about how to create a budget for a campaign based on what you're going to spend your money on. That's another conversation we can have another day.

But let's say you go through it and you have your budget. You have a figure in mind. You need to come up with X number of dollars to run your campaign. Tell us a little bit about how to create a finance plan to raise that. What are all the components of a good finance plan?

Mark: There are a number of different ways that you could raise money for your campaign. So the first thing you begin to do is; let's say you need to raise \$50,000. Let's just use that as a hypothetical number. You need to go in and ask, "What are the ways that I can raise that money?"

One way that you raise that money is what's called personal solicitation. And that is where you go out and you are personally asking people for money, whether it be in a face to face meeting or whether it be on the phone. The candidate, him or herself, is calling potential donors and asking them to contribute to the campaign.

A second way that you raise money is through what's called a finance committee. This is where they recruit people to raise money through their own networks on behalf of your campaign.

So you might recruit a group of 12 people who are going to email their friends; who are going to send letters to their friend; who are going to call their friends; who are going to host an event at their house. You recruit people to do that so they're leveraging their net worth.

A third way to raise money is direct mail fundraising. With direct mail fundraising that's where you send a letter out to prospecting or existing donors asking them to contribute to your campaign.

A fourth way to raise money is through events. Everything from the big rubber chicken dinner that we're all familiar with all the way down to real informal and simple house parties where somebody invites 10 of their friends over and you ask them all to contribute \$50 to your campaign.

A fifth way to raise money is through what we call political committees. They're special interest groups; groups who have an interest in who wins and who loses an election. And they're willing to invest in candidates that represent their values.

You also in some cases have telemarketing, which is where you hire people to make phone calls to prospective donors asking them to raise money for you.

Then last but not least, we have our good friend that we started talking about early, which is the internet.

So you have personal solicitation, finance committee, direct mail, events, political committee, telemarketing and the internet.

And the key is that when you get that \$50,000 budget, you sit down and you ask, "How much money am I going to raise from each of these sources?"

The majority of your overall budget is going to come from one of those sources, and that is personal solicitation.

So if my budget is \$50,000, I'm going to have to raise at least \$25,000 of that through personal solicitation.

Then all you do is you divide the rest of the \$25,000 among finance committee, direct mail events, political committee, telemarketing and the internet. And you set your goals for each of those particular areas. And then you go ahead and put together your tactical plan of how you're going to reach those goals throughout your campaign.

Chuck: Okay, how, let's talk about jump-starting the campaign. You know you need \$50,000. And \$25,000 is personal solicitation. How do you get started? From the very beginning, how do you; let's say, how do you raise your first \$5,000?

Mark: Yeah, your first \$5,000. And this is true of any campaign, to honest with you, but it's especially true at the local level and for first time candidates.

Your first \$5,000 is almost always going to come from friends and family.

If you remember, a little bit earlier we talked about the four reasons that people will contribute to your campaign. There is partisanship, benefit, relationship and revenge.

Your first \$5,000 is going to be based entirely on relationships.

What that means it that the people who are contributing to your campaign, they're going to be contributing to your campaign not because of the party you represent; not because of the agenda you represent; not because they hate your opponent.

They're going to contribute to your campaign because they like you personally. It's going to be your mom, your dad, your brother, your sister, your neighbor, your colleagues at work, the parents of the kids who's little league team you coach. It's going to be those kinds of people who are contributing to your campaign.

So what you do is you a list brainstorming session.

You lock yourself in your room with some close family and friends; you lock yourself in a room with some key campaign advisors. And you say, "Alright, we are going to make a list of all the potential people out there, from all the potential lists that exist, that will allow us to be able to reach out to them and,

on a personal basis, raise money because they have a personal relationship with me.”

And then what you’re going to do is you’re going to call and you’re going to mail those people, as appropriate, and ask them to contribute to your campaign.

I somewhat jokingly tell candidates it’s also a good litmus test for whether or not you are a legitimate candidate. Because if you can’t raise money from your family and friends, you’re probably not going to be able to raise money from people who’ve never met you.

Chuck: How much money should a candidate expect to put of their own money into a campaign?

Mark: You know it really depends, Chuck. That’s a personal choice that the candidate needs to make.

Realistically, if they’re serious about raising money, they ought to be able to raise as much as they need. They’re obviously going to put in a little bit of start up.

Personally, I think they should max out to their campaign. So if the maximum in your state is \$1,000, you need to max out to your campaign to show that you have faith in your candidacy. But at the end of the day, it’s not like you have to write a \$10,000, \$25,000, \$50,000 check.

The candidates who do that do so for one of two reasons.

One reason is because they can, and if you can stroke a \$50,000 check, more power to you. Go ahead and run your campaign on it.

But most people can’t.

The people who end up contributing \$10,000 and \$15,000 and \$20,000 of their own money because they have no choice are the candidates who weren’t serious about fundraising early in the campaign.

So I would tell those people that I think they're going to have to write a \$20,000 check, but if you get serious about raising money, you won't have to. You can save yourself the \$20,000.

But then again, you know, if you have the ability to write that check, go ahead. But in a minimum, I would recommend you and your spouse max out to your campaign.

Chuck: Once you get beyond friends and family aspect of the fundraising, and now you have to go and ask strangers for money, what's your advice on how you identify potential prospects? Where is the low-hanging fruit? Where would you proceed first after you go beyond friends and family looking for contributions from strangers?

Mark: After I go beyond friends and family, what I do then is I do another list brainstorming session. And I build what we call a list inventory.

What are all the lists that may or may not be available to me of people who would fit one of the four motivations I talked about earlier - benefit, partisanship, relationship or revenge?

So I'm going to sit down and do that brainstorming session and say, "Okay, who are the people, generally speaking, out there who would benefit from me being elected. And how can I get lists of those people? Who are the people who want revenge on my opponent and how can I get lists of those people?"

And I literally build an inventory. Now I don't care at that point whether or not I can get the list. After I build that inventory, then I go out and I begin to see if I can get that list.

So for example, if my opponent had voted for some sort of restriction on my ability to buy guns, I might want to think, "Who do I know out there that would want revenge on that person?" And I might remember that my dad goes on an annual hunting trip with seven of his friends. Well, they're my first list to go out to strangers.

My dad's hunting buddies. And it may only be seven people. But they are seven people who would give to me to get revenge on my opponent.

I might think about schools, for example. I may say, “Okay, who are the people that would want better schools in our state?”

So I’m going to go back and say, “What are the lists of people that I might have access to who have an interest in whether or to we have good or bad schools.”

And I’ll think, “Okay, well, wait a minute - I coached soccer two years ago. The parents of the kids who are on my soccer team are people who care about whether or not we have good schools. And my wife is a member of the PTA, so she has a list of friends of hers who have kids in school.”

So I can go to my wife’s contact list. And - you know what? – Joe, who lives down the street that I work with and am good friends with, he has a list. He’s a teacher. And he has a list of 15 other teachers that he might be willing to let me go out and raise money from.

So what I try to do is, I try to say, what are the motivations and what are the lists out there that I may or may not be able to get access to of people who would fit those motivations so I can reach out to them and try to convince them to go ahead and contribute to my campaign.

Chuck: So the real money is in the list.

Mark: The real money is in the list. The majority of fundraising is all about the list.

There’s no secret to how you write a letter or how you ask. If you match the right list with the right motivation, the odds of someone giving are very, very high.

Chuck: I know that we could probably do another - an entire phone call just on fundraising events. But overall, in general, what are the things that you need to keep in mind when putting on a fundraising event?

Because I know of candidates out there who will spend \$500 putting on an event that raises them \$400. It’s no longer a fundraiser. When you lose money on your fundraising event, you’ve got a big problem.

What are the some of the things that people should keep in mind when putting together an event to raise money?

Mark: I'll tell you Chuck, it happens a lot.

You have people that go out and they have a \$50,000 event and they are excited. And then, when you actually reconcile the balance sheet from the event, they realize that they did all the work to raise \$50,000 but they netted \$7,000. And it's gets a little bit disappointing there.

Number one rule is you need to keep expenses as low as you possibly can.

What happens with smaller, inexperienced candidates is they think the fundraising event has to be an event. And so they're worried about what the centerpiece looks like and they're not comfortable serving chicken cordon bleu. They want to go and serve the filet mignon and they want to have live entertainment and they need a nice venue.

And so in their mind they're saying I want the people who come to this event to have a good time therefore I'm willing to spend a little bit more.

Well, anybody who's ever done an event knows that spending a little bit more here and there - by the end of the day you spend a *lot* more - and it really cuts into your margins.

So I'm a big advocate of finding events where you don't have any expense. And typically those are events that people host at their home.

If you can have someone host a BBQ at their home, or even a small informal get together like a coffee and dessert, the expense of your campaign is almost zero. And so everything you raise is net dollars.

It's easier in my opinion to raise \$10,000 from four or five in home events than it is to raise a net of \$10,000 from one big fundraising event, especially if you're a local candidate.

The second thing I would encourage them to do is to have a good group of ticket sellers.

A lot of times what campaigns think is that having the event is enough to sell tickets. But the fact of the matter is that the campaign event doesn't sell tickets on its own. 99% of the people who come to the event are there because someone personally asked them to come to the event, not because they want to be there.

So if you don't have a good group of people who are selling tickets to your event you're not going to be able to raise much money at all.

And then third, you need to keep in mind that you're not just talking about your cash expenditures for the event. You're also talking about your time expenditures for the event.

So even if you go out and you raise a net of \$15,000, but it's taken up all of your time for an entire month, that might not be a very effective fundraiser because you had to invest so much of your time - and what else could you have been doing with that time.

So really, keep expenses low. Keep that overhead down. Make sure you have good ticket sellers who are actively recruiting people to come to your campaign event. And make sure that you don't invest a ton of your campaign time in an event that's not going to produce a lot of money.

Chuck: I'll throw one other secret out to folks...

If you have an event; let's say you're going to hold a spaghetti dinner at a local restaurant and the cost per person is \$10 per person - and this goes into how you price your ticket. So if your ticket price is \$25 per person and the food costs you \$10 per person, you're going to be netting \$15 per person. And then it's a question of whether or not you can sell enough tickets to make your net fundraising goal on what the event is going to cost.

What I tell people to do when they're doing these events, is to figure out what your food costs and your marketing cost is going to be in advance. And then go out and find a SPONSOR who might want to underwrite the event so that 100% of the ticket price goes towards your fundraising objective.

So let's say it's \$10 per person for your food cost. And you expect 100 people. It's going to cost you \$1,000 to put that event on. So go out and get a \$1,000 sponsor.

It might be a good corporate sponsor, campaign laws permitting. The point is, get a \$1,000 sponsor so that your food costs are covered and you don't have to worry about losing money.

Mark: Absolutely love it.

And even if your campaign laws don't allow you take corporate contributions or they have very low limit; if it's a \$1,000 spaghetti dinner and your contribution limits are \$300, all you have to do is find three *co-sponsors* and you've done exactly what you said. That's net revenue from the get-go and yet you certainly can't beat that.

The other thing, too, Chuck - you threw a price out there \$25.

One of the rules is always to have tiered pricing for your event. Because at the end of the day if a ticket to your event is \$25, but you have a VIP reception that's \$100 - and they get to meet you and get a picture with you; or you've got a VIP that they get to meet - the worst thing that can happen is nobody writes the \$100 check.

The best thing that can happen is you multiply your net revenue by four times without doing anything other than printing another line on your invitation.

So along with making sure you've got a good ticket price, also have tiered pricing so they're not just limited to giving you \$25. If they want to give you more they can.

Chuck: Now, talking about host committees as sponsors.

If you have a host committee - and it's XYZ Corporation or Mr. and Mrs. Smith and three different co-hosts on the event - their names obviously go on and are prominently displayed on the invitation. And maybe even a program or something you hand out to recognize those folks.

I see a lot of invitations to fundraising events where there are a lot of people listed as being on the host committee whose names are prominent but who probably did not actually give any money or contribute any money to the event. They're there solely to make the event or the individual seem like they're being sponsored by well known people.

What's your opinion that? Should you allow people with high name ID to be listed on your host committee who haven't contributed or should everybody on your host committee contribute money?

Mark: Well the reason that you see a lot of names on there is that the number one secret to effective fundraising event is peer pressure. It's having someone say, "Hey Chuck I want you to come to this event with me." That's peer pressure.

Or saying, "Oh, my goodness, look at all those people that are going to be at the event. I need to be there too."

So we can tell our kids all we want not to fall victim to peer pressure, but the reality is adults do the same thing and it's a secret to effective fundraising events. So when you see those co-sponsor lists, if they haven't paid it's about generating peer pressure. It's about the event that everybody needs to be at because look at these co-sponsors.

Now, if I have my druthers though, everybody that's listed on the invitation, they pay money. Because at the end of the day this is a fundraiser.

And if they're going to be well-known enough to be able to draw people into your event, they're going to be able to write a \$100 check or a \$250 check, whether it be a personal check or a business check or check from one of their political committees. They'll be able to do that. And if they're going to put their name on your invitation they ought to be willing to write a check as well.

So I would really prefer not to have anybody listed who doesn't write a check. Because it not only creates the peer pressure you want, but it also raises money as well.

Chuck: Okay, we're almost out of time. Before we go, though, I do want you to touch on one final aspect - and we did talk about this just a second ago a little bit: Campaign finance laws.

How do people learn what the rules are in their individual state and how important is it to make sure you don't get in trouble?

Mark: I'm not even sure the campaign finance attorneys know what the rules are in every state, Chuck. So I don't think anybody could.

At the end of the day, though, it's a very serious question regardless of how much I can laugh at it and how frustrating it can be. There's really only one area of your campaign that can get you into serious legal trouble and that's your campaign finance area.

Politicians - in their never-ending search to prove that they can solve every problem out there, even if the solution makes absolutely no sense - have written some insanely ridiculous campaign finance laws.

And one of the recommendations I would make for any candidate that's getting started is to go to your state party and ask them to give you the documents that they have that explains what your campaign finance laws are. Because breaking them will get you into trouble legally, and it can also get you into trouble politically in your campaign.

It's something that every campaign looks at now as part of the opposition research, because it's very easy in today's world for you to miss simple little campaign finance law.

And even though you didn't do it on purpose, the headline in my press release is going to be "Chuck Muth violates campaign law, guilty of potentially \$100,000 fine."

And so you've got to be very careful with that. All the state parties typically have a publication they produce that will explain campaign finance do's-and-don'ts. The Secretary of State of the Board of Elections or even some places your county clerk will also have a document telling you what the campaign finance laws are.

And in most cases you ought to be able to hook up with an attorney who, even though he doesn't understand every element of the campaign finance law, at least understands enough to be able to tell you "Hey, here are the things you have to do. Here are the documents you have to file."

It's a pain in the neck. It will drive you crazy. It will tie your hands around every corner. But it is something you need to pay close attention to because it will also get you in a lot of trouble.

Chuck: Okay, clearly we've only scratched the surface of fundraising when it comes to campaigns. But time is out. So to wrap up Mark, are there any other resources, books, tapes, anything that you would recommend candidates who, when they're finished this and they want to go to the next step; where they can learn more about how to raise money for their campaigns?

Mark: There are a lot of great resources online if you go out and Google "political campaign fundraising" that will teach you some more secrets.

But at the end of the day, there's no secret that can overcome a candidate who in his mind or her mind has already decided that they're not going to be able to raise the money and has a laundry list of excuses why they shouldn't have to raise that money.

If that's what their mindset is, there's no secret, no website, no organization in the country that's going to be able to help them raise their budget.

The candidates who say, "This is important enough for me to bring about the change I want to bring out, that I'm willing to do whatever it takes to raise the money I need to win," those candidates more times than not are going to be able to raise the money they need to win.

Chuck: Mark Montini it is always a pleasure to talk with you. I've learned a lot myself in this or was at least reminded of a lot of things I had forgotten.

Mark: Great Chuck, appreciate it. Thank you.

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