Creating a Major Gifts Program that Delivers

How to Identify, Cultivate, and Steward Donors to Successfully Secure Major Gifts

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What we want to accomplish today:

- Evaluate your organizational readiness to launch a major gifts program
- Learn how to identify your best major gift prospects
- Provide tools for you to structure and build a solid major gifts program
- Define cultivation and stewardship best practices for your major gift donors
- Provide a litmus test on the “right time” to ask for a gift
- Promote a culture of philanthropy

Organizational readiness

- Case for support
- Planning
  - Strategic Plan
  - Development Plan: The need for diversified fundraising
    - Membership
    - Annual
    - Benefit Events
    - Sponsorship
    - Major Gifts
    - Planned Giving (90% of all planned gifts are bequests; average bequest amount is $35,000)
  - Annual Business Plan/Calendar (Tactical)

Organizational readiness (continued)

- Policies and Procedures
    - Gift Acceptance Policy (pledges)
    - Recognition Policy
    - Confidentiality Policy
    - Database Procedures and Reconciliation with Finance
    - Fundraising – AFP Donor Bill of Rights; Code of Ethics
  - Investment Policy
  - Endowment Policy

Identifying your best major gifts prospects

- Define the size of your major gift
- Sort your major gifts prospects by the following:
  - Gifts of x within one year
  - Gifts close to x within one year
  - Cumulative Gifts that reach x within one year
  - Gifts close to x with involvement/activity
- Know the manner in which the donor is giving to your organization: A ≠ B ≠ C
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Identifying your best major gift prospects (continued):
• Donor Profile
  – Accurate contact information: address, phone number, emails for work/home
  – Family members
  – Education and employment history
  – Giving history
  – Net worth (Prospect research – third party service providers)
  – Involvement and activity with other non-profit organizations; boards
  – Hobbies and recreational interests
  – Religion and politics

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The million $ question: “When do I make the ask?”
• Generally, it can take from 12-24 months to close a major gift from a new prospect
• Asking too soon lowers the gift level
• Involve the prospect in the work of your organization to establish a connection

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Where do major gifts come from?
Charitable giving in the U.S. topped $290.89 billion in 2010 according to the annual GivingUSA Foundation Statistics

Major gifts come from three primary sources:
- Individuals: $234.60 billion (81%)
  - Living (73%) and through Bequests (8%)
- Foundations: $41.00 billion (14%)
- Corporations: $15.29 billion (5%)

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Need for Gift Planning and “Sight-raising”
• Make larger gifts possible by “sight-raising” with your leadership prospects early on to build an expectation that bigger gifts are needed
• Create a Gift Table (see next slide)
• A culture of philanthropy is needed: Fundraising is everyone’s job

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Why do people give major gifts?

What is the number one reason why people make major gifts to nonprofit organizations?

Because they were asked.

People don't give money to causes...
People give money to people with causes.

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Cultivation ideas

• Invite prospects to meet with your executive director and/or users of your services
• Offer a tour of your facilities
• Hold small group dinners at board members’/other major gift donors’ homes
• Host reception in a donor’s board room
• Encourage prospects to attend your benefit events
• Get them to volunteer / get involved on committees
• Send a hand-written note (birthday card, thank you, interesting article about your organization)

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Understand it takes $$ to make $$:
Typically campaign costs 2-20% of $$ raised

• Pay costs out of funds raised
• Raise special gifts for campaign costs
• Devote a portion of endowment income for a period of years to cover campaign costs
• Use unrestricted bequests to cover costs
• Hold a special event or fundraiser to pay costs
• Show “frugal” with your spending; US average is $.13-.14 spent per dollar raised

Structuring and Building a Solid Major Gifts Program

How much time do you have to devote the major gift fundraising?

– Full vs. Part-time for major gift fundraising?
• What amount of help do you have to do this – boss, co-workers, mentors?
• What is YOUR skill level of major gift fundraising?
– How long have you been raising major gifts?

Why all this emphasis on structuring a major gifts program?

– Without a structure, a formalized plan, you run the risk of doing “uneven” and “un-systematized” major gifts fundraising
– Extremely difficult to track and record where each prospect is on the cultivation and asking scale
Everyone in the development operation, even if it is only one or two people, needs to know who is working with whom and which volunteer is needed to help with major gift fundraising. Creates a tier structure of working with your best prospects first, second, third, etc.

Who should be involved as part of the team making the Ask?

Your CEO, President, Board and Volunteers:
- Meet with them individually and ask them how much time "realistically" they have to help you major gift fundraise.
- Show them a calendar and ask them to block out dates and times and work with their assistant to block their calendars.

Discourage lists of prospects being presented to them – they get overwhelmed and fundraising seems unrewarding.
- They can use the lists to identify and provide information but be sure to say they will only be given a few people to work with at a time.

Time Management
- You and the people who report to you:
  - Important to set goals on how many visits, asks, and stewardship activities you do each month.
  - If you find you cannot reach these monthly goals, then you are either working with too few prospects or other activities are detracting you from major gift activity.
Factors to consider:
- Time for major gift activity each week; letters, calls, meetings, cultivation, asks, follow-up, reporting and stewarding
- Expertise
- Support
- Vast universe of your “other” responsibilities

How Many Major Gift Prospects Should I Handle?
No hard or fast rule
- Really is an issue of time management
- Difference between how many you are assigned verses how many you can actually work with – identify, cultivate, ask, follow through and steward

- Laura’s experience:
- Always had Top 25, and Next 25
- Had a pool of prospects that I could filter up once the Top and Next Tier prospects were worked with completely, meaning they had made their gift and stewardship was in place; they needed LOTS of time to consider the gift; they said no and could not consider giving for quite some time

Tips:
- Have a “back burner” list that you can place donors who need time to consider their gift
- If you don’t you run the risk of inadvertently dropping them – you spent all this time indentifying, cultivating and asking them it would be a tremendous loss to forget about them while they need time to decide
- Avoid the trap of “working with the fun and enjoyable” prospects. Your top 25 need your time equally
- Make sure everyone on your team and the leadership know your next steps with each prospect so that everyone is on “the same page”
Once a prospect is worked with to the point of completion, take the next highest person on your Next Tier list and add them to your Top 25 List. Take the next highest person from your prospect pool and add the Next Tier.

- This ensures you have a solid Top 25 and Next 25 at all times.

**Working the Prospect**

The part that sends fear to most people when working with donors.

- You can do it.
- Work as a Team.

**The BEST prospect research is the personal visit**

- What you see, hear, your observations
- Everything that takes place during your visit
- Make sure you speak “with” not “at” the person you are visiting
- Peer Screenings with Board/Committee members and volunteers

**Finding Major Gift Donors in Special Events**

Use your data base to find out how many times people have attended your special event.

- It is equivalent to your “cumulative donors”
- Take the people who have taken the high-end ticket, table, or sponsorship and cultivate them as major gift donors

**So much money is left on the table because we do not follow up with people who attend our events**

- An event without follow through = No Event
- Some of your best major gift prospects attend these events and they are worthy of your personal time

**Special Event Donors**

Yes, many people attend because they are connected with the honoree, BUT they may have been moved by your mission, the services you provide. MEET with them individually to determine their level of interest and the prospect of their continued support.

- Ask them who else do they think would be interested and moved by the mission of your organization
Two essential questions you must ask:
  – Why are they interested in your organization?
  – How did they learn about your organization?

• How do you ask these questions?
  – “Laura, there are over 1.9 million registered charities in the United States. Of all these groups, what is it about our organization that you like the best?”
  – “Laura, I’m just curious how did you come to learn about our organization? Was it a friend, donor, someone who received our services, one of our board members?”

• The key is to use your prospect file on their interests, hobbies, work, family, education and to make sure you stay on top of events that are happening in their lives
  – Example – if you see their company is in the news, send a personal note referencing the article
  Build a relationship. They need to get to know you as well as your organization.

Key: Mix up the communication and communicator:
  – Have them speak with and meet as many people as possible in the organization
  – Make sure they are treated specially at special events
  – Ask their advice
  – Listen to their opinions

• You have your top and next tier of prospects, you are managing your time and your volunteers’ time, cultivation seems to be sailing smoothly....

So when is the RIGHT time to ASK?

• Varies with each person you are asking for money
And how much they know about your mission.
  • Most Important--Don’t put off the Ask if you feel it’s “The Right Time”
Laura’s Formula:
– “Education + Involvement + Cultivation + Inclination + Assets = Right Time”

- Education - they should know about your mission; leadership; who and how you serve beneficiaries; how much you raise; and all your programs and projects. When they start asking you key questions, then they are far along on the education scale.

- Involvement - they should attend your events; ask about board members and committee members; read your publications and website; be featured or write for your publications and website; and ask about gifts your organization received.

- Cultivation – they should have a “personal and well connected” relationship with you and/or other members of the organization, other donors, beneficiaries; communication is easy and natural; and you are having enjoyable conversations about your organization and their lives.

- Inclination – perhaps the hardest to know. A prospect is “inclined” when you are discussing how other people made gifts; when they understand the urgency of why your organization needs support NOW; and are considering the ways they can finance their gift.

- Get them to talk about their key interest in your organization
  – This will lead to THE MATCH – their key interest in your organization with a golden opportunity for them to support it.

Ways Major Gift Donors Can Deliver

- Be proactive and tell their story in every way possible
  – Use their name and experience with their permission
  – Emphasize that their gift is a “magnet” for future gifts
  – If you are not in a capital campaign, share the importance of giving now as opposed to later.
• Ask them to host events for new prospects
• Help you treat new prospects specially at special events
• Help identify new prospects and new board and committee members
• Brainstorm on the things your organization needs – can they get gifts in kind, services, and expertise?

• Give tours of your organization’s facility
• Travel locally, nationally or internationally to help you spread the good word about your organization
• Be willing to be a positive public relations agent should the media want a “donor’s view”

• Continue to work your pipeline of major gifts
• People do want to know that you will continue to be successful
• If you are in a capital campaign being a “closer” to the campaign is very attractive to donors

• Reemphasize the importance of your mission
• In economic uncertainty, people like to “control” a small and important universe – make your organization the place where they can give and see immediate results

• Market the message that in order for your organization to deliver the services its has for years, support is needed now and your organization must remain a priority for their support
• Stress why your organization is needed now, because it will shape future leaders we desperately need

• Stewardship should be at an all-time high: – Be proactive – if you have donors in the financial/investment areas, approach them about their current pledges or new gifts
  – You need to re-energize your board that their skills and expertise are needed now in fundraising
• What new stories can you share each week or month with your donors?

• In economically challenging times, “angels” appear - people who you might have asked awhile ago need to be approached again.

• Their gift NOW carries so much impact because the perception is that many donors will not give so if they do – their gift will have tremendous impact!

• Be flexible with each donor:
  – Some may need to adjust pledge payment periods
  – Some may need to negotiate gifts in the making or gifts they promised to make
  – Be creative and remember you are the fundraising leadership and your voice will carry great weight

MOST IMPORTANT OF ALL

Thank Them!
Thank Them!
Thank Them!
No Matter how small their Contribution

Acknowledgements
Select materials in this presentation were from derived from Laura Fredrick’s:
  – Developing Major Gifts: Turning Small Donors into Big Contributors (Jones and Bartlett, 2001)
  – The ASK: How to Ask Anyone for Any Amount for Any Purpose (Jossey-Bass 2006)

Julia Ingraham Walker’s:
  – Nonprofit Essentials: Major Gifts
  – Nonprofit Essentials: The Capital Campaign