

THE COMPLETE GUIDE TO  
FUNDRAISING  
MANAGEMENT



THE COMPLETE GUIDE TO  
**FUNDRAISING**  
**MANAGEMENT**

FOURTH **4** EDITION

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**WILEY**

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# The AFP Fund Development Series

The AFP Fund Development Series provides fundraising professionals and volunteers, including board members and others interested in the nonprofit sector, with top-quality publications that help advance philanthropy as voluntary action for the public good. Our goal is to provide practical, timely guidance and information on fundraising, charitable giving, philanthropy, and related subjects. The Association of Fundraising Professionals (AFP) and John Wiley & Sons, Inc., each bring to this innovative collaboration unique and important resources that result in a whole greater than the sum of its parts. For information on other books in the series, please visit [www.afpnet.org](http://www.afpnet.org).

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*This book is dedicated to the board members, volunteers, and staff members who facilitate the fundraising for an organization. It is said that they have earned a special place in Heaven—next to the martyrs.*





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## Foreword to the Fourth Edition

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I will always remember the first time I met Pamela Barden, because she made it clear to me that I had failed to live up to her expectations.

In those days, I lived and worked from my leafy retreat in north-central Wisconsin, serving clients nationally as a freelance direct mail copywriter and consultant. Pamela had just taken a fundraising leadership position at a suburban Chicago-based nonprofit, which happened to be my client. She thought it would be wise to meet this stranger from the north woods who created direct mail campaigns for her organization, so we arranged to meet at a conference room at Chicago's O'Hare International Airport. It was there that I let Pamela down.

She expected a rough-hewn lumberjack in sturdy boots, worn jeans, and a plaid flannel shirt. What she got was an ordinary late-1980s business guy in a dark suit, starched shirt, properly knotted tie, and polished shoes. Pamela has never let me forget the disorientation I caused her by not being the rustic writer she expected.

Well, I have expectations, too. When Pamela told me she had written a book on fundraising and that she wanted me to write the foreword, I was humbled and honored by the opportunity. I immediately said yes—and then I quickly imagined how good of a book it *must be* if Pamela wrote it.

I am pleased to say Pamela did not let me down, not that I ever imagined she would. The fourth edition of *The Complete Guide to Fundraising Management* meets and exceeds every expectation for what such a book should be and achieve. I'm not the least bit surprised. Nor am I disoriented!

If I know one thing about Pamela after more than 25 years of professional collaboration and personal friendship, it is that she knows her stuff—not as an ivory tower theoretician but as an actual, seasoned, hands-on fundraising authority.

Yes, Pamela has earned a doctorate. But her advanced degree and academic experience came after years as a fundraising practitioner at several nonprofit organizations and as an ad agency executive and consultant. This makes *The Complete Guide* exceptionally useful to anyone who needs a practical understanding

of the organizational structures and processes necessary for nurturing relationships and securing current, planned, and major gifts through the mail, online, one-on-one, by phone, and through special events.

Not only has Pamela done all of the above, she knows precisely where a fundraiser must first focus his or her energies: squarely on the donor. This perspective permeates *The Complete Guide* from the very first chapter. Effective fundraising, after all, is about people—about treating them with utmost respect and enabling them to fulfill their need for meaning and significance by connecting them with something larger than themselves.

I saw Pamela’s donors-first ethic in a most compelling way not long after my expectation-shattering meeting with her at Chicago O’Hare. I was in her office discussing a recent appeal that had irritated a few donors who wrote to complain. To my surprise (because I didn’t know Pamela very well back then), she told me she called every one of those disgruntled donors to acknowledge their letters and listen to their concerns. She then wrote detailed letters to each one to thank them for writing and to assure them that their opinions mattered.

Many wrote back in astonishment that a nonprofit actually cared about them and listened to them. Quite a few included a gift far larger than was requested in the original appeal.

This is one of many reasons I admire Pamela Barden. It was a great example of “friend-raising,” which Pamela has done with professionalism and excellence throughout her career and that she will teach you how to do in this invaluable guide.

Have I set high expectations? Yes, and I am confident Pamela Barden and the fourth edition of *The Complete Guide to Fundraising Management* will exceed them.

Tim Kersten  
Chief Executive Officer  
RobbinsKersten Direct  
Dallas, Texas

## FOREWORD TO THE THIRD EDITION

I first met Stanley Weinstein more than 20 years ago. He was educated as a musician at the prestigious Eastman School at the University of Rochester and the Curtis Institute in Philadelphia. He played clarinet in major American orchestras for the first half of his career. Symphony orchestras can be precarious places financially, and Stanley ventured into the world of development out of concern for the well-being of his family, his fellow musicians, and his passion to preserve and share our rich musical heritage. He intended to save the symphony by encouraging community leaders to become serious patrons of the arts.

I was puzzled. Having failed to make my high school symphony orchestra as a clarinet player, I wondered why someone of such musical talent would make this move. And after a few days of working with the board on their budget, I wondered whether Stanley or anyone else was up to the monumental task ahead. He was smart and energetic, but he had the misfortune of starting his development career with a very difficult set of circumstances. All fundraisers have days in which the goals seem bigger than the prospect base and the tools available, but this was a particularly difficult set of challenges, especially for a rookie.

I should not have doubted him. Stanley did a great job that year just like he has done a great job on so many assignments over the past 20 years.

A decade ago, as he was building his now thriving consulting practice, Stanley mentioned to me that he was going to write a book about fundraising and fundraising management. I vividly remember sitting on the phone in my office telling him not to do it. As a new consultant juggling the demands of both finding clients and servicing client engagements, he had more important things to do. Besides, I told him, hardly anyone ever reads these fundraising books, so his biggest contribution to the field would be his work on client projects.

I was wrong. Yes, Stanley has made contributions to the field through his client engagements and through his leadership in our major associations. However, his book *The Complete Guide to Fundraising Management* is enormously important to the field. It is an important book that is treasured by those of us who know him and those of us who may never meet him.

This is its third edition; proof that my observation that nobody would probably even read the book was incorrect. What I had not fully realized during that phone conversation was that Stanley Weinstein intended to write a serious book about a serious topic. It would not just be a rehash of ideas from the middle part of the 20th century when so many good practices in development were first codified. Nor would it be just a series of war stories. Both the practicality of the ideas and his examples on fundraising management are excellent. His next two books showed that this was not a fluke. He is a serious student of fundraising as well as a skilled practitioner.

So as the reader opens this book, whether you are venturing into Weinstein's thinking for the first time or have reread an earlier edition many times, it is worth every minute and every page. It is very difficult to write a book that is both useful and insightful. It is a joy to read a book that reminds us of good principles of fundraising, adds some new ideas, and illustrates them all with practical advice. *The Complete Guide to Fundraising Management* should probably be mandatory reading for anyone new to the development office. And it should be on the shelf of all us old pros because we too need somewhere to turn for some insights.

Vague platitudes are not worth much; concrete hands-on tools and advice are enormously useful.

So the next time you find yourself in Santa Fe, enjoy those extraordinary woodwinds that include an Eastman- and Curtis-educated musician named Weinstein. I have sat in the middle of a great hall and listened as that exciting clarinet solo opened Gershwin's *Rhapsody in Blue*, all the time admiring the musical gifts of my friend Stanley Weinstein. But I have also read his *Complete Guide to Fundraising Management* and understand that his decision so many years ago to devote his career to fundraising has made a major difference to the world of philanthropy. The important fruits of development and philanthropy in turn have made a difference to the arts, education, cultural, and environmental causes that shape our world. The world of development is a noble calling, and we are all blessed that Stanley Weinstein is a leader in the field and a serious author.

—Bruce W. Flessner  
Founding Principal  
Bentz Whaley Flessner



# Preface

---

*“Cheshire Puss,” Alice began . . . “would you please tell me which way I ought to go from here?”*

*“That depends on where you want to go,” said the cat.*

—LEWIS CARROLL

**N**onprofit organizations need strong boards of directors, loyal supporters, and a keen sense of mission. They also need cash.

This is a *how-to* book. *The Complete Guide to Fundraising Management, Fourth Edition*, functions like a GPS, helping you move toward fundraising success in a highly competitive philanthropic environment. Completely updated to include both online and offline strategies for increasing fundraising success, this new edition includes practical guidance based on our decades of experience that can help you strengthen your organization and raise more money.

- *The Complete Guide* will help you gain an understanding of fundraising principles and practices. You will learn time-tested truths that govern the resource development process—the fundamentals that lead to fundraising success.
- *The Complete Guide* will help you make choices so you can raise funds using the most cost-effective fundraising strategies.
- *The Complete Guide* will teach you how to put together a comprehensive fundraising plan that can dramatically increase your contributed income.
- *The Complete Guide* provides valuable timelines and explores the chronological steps needed to establish and strengthen your organization’s fundraising program.
- *The Complete Guide* also provides advice concerning ways to bolster your organization and assure that your nonprofit institution is worthy of support, with practical suggestions concerning board development, institutional advancement, strategic planning, and volunteer involvement.

- *The Complete Guide* teaches chief executive officers, development staff, board leaders, community activists, and volunteers how to organize their efforts, nurture meaningful relationships, and maximize their fundraising effectiveness.

This book is also about strategic management—the art of managing approaches designed to produce successful performance. Strategic management is especially important in times of rapid change.

Possibly more than ever before, fundraisers are faced with numerous challenges confronting today's nonprofit organization—reductions in government funding, declining giving from United Way campaigns, greater restrictions on corporate and foundation grants, older funders with changing priorities or a resistance to thinking about legacy giving, and less loyalty among donors of all ages. To make matters even worse, all of this is occurring at a time when the demand for services is increasing.

Yet, there are also more fundraising methodologies to choose from and growing donor expectations. Combined, this requires a strategic yet nimble approach when presented with opportunities that often arise with little advance notice. Organizations that monitor the environment are better prepared to respond effectively to the challenges and opportunities that are sure to arise. How they respond to the changing environment is called their *strategy*.

Many factors determine which fundraising strategies are appropriate to the nonprofit organization's circumstances. Some of these factors include the amount of money that must be raised; how soon the funds are needed; whether the funds are for annual expenses, endowment funds, special projects, or capital investments; the reputation of the organization; the popularity of the offer; the number of affluent and influential board members and volunteers committed to the cause; the experience levels of the development professionals; the number of active donors to the organization; the amount of donations the organization receives each year; the number of prospective donors who have been identified and with whom the organization has nurtured positive relationships; and a host of other factors unique to each organization.

Of equal importance is the nonprofit agency's ability to respond to changing conditions. Are the services needed today the same as those that were needed five years ago? What services will be needed one year from today? In five years? In ten years? In short, what strategies are needed to prepare for the future? As important, what resource development strategies are needed to help the organization achieve its aspirations?

*The Complete Guide to Fundraising Management, Fourth Edition*, helps you answer these questions. This book will help nonprofit executive directors and fundraising professionals manage a comprehensive resource development program. Board

leaders and volunteers will learn how they can help increase contributions for annual operating support, endowment funds, capital campaigns, and special projects.

*The Complete Guide to Fundraising Management, Fourth Edition*, was updated and designed for you. Whether you read the whole book or only the chapters that most interest you, this book provides time-tested, practical advice. So, enjoy—and prepare your organization to serve and to prosper.

#### **A NOTE ABOUT THE WEBSITE**

A website has been created to accompany this book. It is located at: [www.wiley.com/go/fundraisingmanagement4](http://www.wiley.com/go/fundraisingmanagement4). On this website, you will find all the exhibits from the book, many in a format you can download and customize for your own organizational needs.

Stanley Weinstein, ACFRE, Albuquerque, NM  
Pamela Barden, CFRE, Los Angeles, CA

## Five Major Fundraising Principles

*Truth, like gold, is not less so for being newly brought out of the mine.*

—JOHN LOCKE

Nonprofit organizations need to remain flexible. Still, our action plans must be developed in accordance with the key principles that lead to fundraising success.

### PEOPLE GIVE TO PEOPLE TO HELP PEOPLE

“People give to people to help people” is the most often quoted fundraising phrase, as well it should be. This wise and simple principle has three aspects, and it is prudent to remember all three.

“People give” reminds us that real living and breathing human beings—not institutions—make the decisions to donate or not to donate. They make their decisions based on relationships and to what degree the appeal resonates with the funder’s interests. They also base their decisions on the quality of the organization’s leadership.

This brings us to the second part of the aphorism, “People give *to people*.” Donors are not in the habit of contributing in response to institutional needs. No rational person will buy a computer to help IBM recover from a poor earnings quarter. Similarly, few donors will give merely in response to a nonprofit organization’s deficit. Donors make their investments based on their relationship to the asker. Donors give to people they trust. Donors invest in projects that have a positive impact on their community, the nation, and the world.

The third aspect is “People give to people *to help people*.” From a donor’s viewpoint, institutions do not have needs. People do. Donors know that their contributions constitute an investment—an investment in enhanced services for people in need or causes they believe in.

At its heart, fundraising is the art of nurturing relationships. So, our first job is to build strong, mission-based organizations. Successful fundraisers also form relationships with people who can help garner the resources needed to carry out the organization's mission. We then *ask* for the support required to better serve those in need. Finally, we thank our donors so graciously that they continue their support.

## PEOPLE GIVE RELATIVE TO THEIR MEANS

The second major principle is one of the keys to understanding the resource development process: "People give in relation to their means and in relation to what others give." For some people, \$10.00 or \$30.00 is a generous gift. We also know that there are people who can donate a million dollars or more without changing their lifestyles. Most folks tend to give in ranges between these two extremes.

Do you remember this biblical incident?

. . . a poor widow came, and put in two copper coins, which made a penny. And He said . . . , "Truly, I say to you, this poor widow has put in more than all those who are contributing to the treasury. For they all contributed from their abundance; but she out of her poverty has put in everything she had, her whole living." (Mark 12:42–44, RSV)

Many people have missed the point of this passage. They focus only on the small size of the offering—not the sacrificial nature of the gift. When professional fundraisers stress the importance of pacesetting leadership gifts, some volunteers ask, "Why focus on large gifts? Aren't we sending the wrong message? We must not forget what we learned from the widow's mite."

Again, the point of the widow's mite passage is not the size of the offering but rather the size *relative* to the widow's means. For the poor widow, the gift was huge—a sacrificial gift representing "her whole living." Too often, nonprofit organizations do not offer their more affluent supporters the opportunity to give at such significant levels. Rather than asking for pacesetting leadership investments, they ask for token support. Or worse still, they fail to ask at all.

Would you agree that rich people can afford to donate more than poor people? An understanding of this truism leads fundraisers to the firm conviction that any fundraising plan based on seeking an "average gift" is bound to produce substandard results.

Whenever you hear someone suggest that it is possible to raise \$100,000 by seeking a hundred \$1,000 gifts or a thousand \$100 gifts, know that you are listening to a flawed plan—one that is likely to fail. Here is why: Suppose we plan

to raise \$100,000 by requesting \$1,000 from each of our constituents in the hope of garnering 100 donations to make the goal.

Will some of those approached say no? Of course, they will.

Will some of those approached give less than the amount requested? Sure, they will.

Can some of those approached give a great deal more than the amount requested? Definitely!

To make this point even stronger, it is important to remember that donors tend to give relative to what others give. If organization leaders were to announce that the region's largest financial institution donated \$10,000, many donors would conclude that their contribution could be proportionately lower. Few would think that they should donate more than the leading financial institution or the wealthiest person in town.

Professionals avoid schemes based on the "average gift." The plan they prefer resembles a pyramid. To raise \$300,000, they might seek one donation of \$45,000, two contributions of \$30,000, three gifts of \$15,000 each, four contributions of \$10,000, eight \$5,000 donations, 15 gifts of \$2,500, 30 donations of \$1,000, and so on. By creating various levels of gift opportunities, the development professional helps assure that everyone—rich, poor, and in between—has a chance to make a significant gift.

### **THOSE CLOSEST MUST SET THE PACE**

"Those closest to the organization must set the pace." The value of this third principle becomes evident to anyone who spends a few moments reflecting on it. If those closest to the organization do not believe in the project enough to give generously, how can we expect others not as close to make significant contributions? When looking for financial leadership, some people in the nonprofit sector seem to say, "It's not you, it's not me . . . it's the other fellow behind the tree." Unfortunately, there is no one else behind the tree. Leadership begins with the board, staff, and key volunteers. When they lead in giving, others follow.

### **SUCCESSFUL FUNDRAISING**

"Successful fundraising is the right person asking the right prospect for the right amount for the right project at the right time in the right way." The word *right* is used six times in this sentence. These six *rights* are the six critical success factors in any fundraising campaign.

Begin by asking, "Who is the right person to ask for the contribution?" In *most* cases, the best person to approach a prospective donor is a volunteer with a peer relationship with the prospective donor. In many cases, the most suitable person

to approach the prospective donor is the executive director or chief executive officer of the nonprofit agency—again, someone with a peer relationship with the prospective donor. The ideal face-to-face solicitation occurs when a volunteer leader teams with a key staff member to visit the prospective supporter. The ideal signer of a mail appeal is the board president, agency executive director, or a well-known celebrity supporter of your cause.

We now turn to the question of the “right prospect.” A nonprofit cannot succeed in fundraising without asking, “Who are our best prospects? Which supporters are most likely to make pacesetting leadership gifts?” The most likely gifts come from people who have been generous to the nonprofit in the past. Next, we look for people with the capacity to give generously who have a relationship with the organization—but have not yet given. We also look for people who have been generous to similar organizations. Successful fundraisers do not overlook board members, key volunteers, and their network of associates.

“What is the right amount to request?” Remember, you must *decide* how much to request before mailing a solicitation, phoning a supporter, or going on any solicitation visit. Too often, people in the nonprofit sector express thoughts such as, “Anything you give would be important and appreciated.” The problem with this thought is that it demeans the organization’s cause. The prospective donor may think you want a \$50.00 contribution. This can be disastrous, especially if the donor has the ability to give \$50,000. Serious fundraisers conduct meetings to decide how much to request from each of their prime prospects. Professionals segment their mail lists, often employ modeling to help determine a person’s potential to give, and personalize their request amounts.

The “right project” is always the one in which the prospective donor has the most interest. A university that requests funds for the history department from an alumnus who is a history buff will do better than a university that misses the mark and requests general operating support.

Determining the “right time” is not always easy. However, you cannot go wrong with the following rule: The best time to approach a prospective donor for a major gift is when you have nurtured a positive relationship.

The “right way” to ask for a contribution is with poise and grace. Put away your tin cup. You have nurtured a genuine relationship with the prospective donor. Now, you are offering an opportunity for the supporter to make a significant contribution—one that will have a positive impact on many lives for years to come.

## **THE 80/20 RULE IS BECOMING THE 90/10 RULE**

“Often, 80 percent or more of the funds raised will come from no more than 20 percent of the donors.” This is a variation on the second major principle, “People

give in relation to their means and in relation to what others give.” This propensity is based on Pareto’s 80/20 rule: 80 percent of your results will come from 20 percent of your efforts. We see the truth of this observation in many facets of our lives. Twenty percent of all salespeople produce 80 percent of all sales. Twenty percent of all volunteers raise 80 percent of all funds. Twenty percent of a corporation’s product line accounts for 80 percent of the corporation’s profits.

However, in fundraising, this tendency is often even more skewed. Research completed in 2015 found that 88 percent of an organization’s total giving comes from just 12 percent of donors. In many capital campaigns and mature fundraising programs, the top 10 percent donate 90 percent of the amount raised. When the top 10 to 20 percent—those closest to the campaign and with the most resources—are encouraged to make leadership gifts, campaigns succeed.

## **THE NEED FOR BALANCE**

Fundraisers often stress one aspect of resource development rather than another. Even seasoned professionals sometimes say, “A major gift program is the most cost-effective fundraising strategy. We have got to work at the peak of the giving pyramid. I really can’t be bothered with broad-based fundraising.” Others say, “We have to broaden our base of support. If we rely on too few donors, our constituents will think we are elitists. It is dangerous to have too few donors. What if we lose several of them in one year? Besides, our organization produces nearly a million dollars a year net contributed income from our mail program.”

Fundraising does not exist in an “either/or” universe. Both points of view have validity. Mature fundraising programs rely on a three-part strategy: Treat all donors and prospective donors with the utmost respect, broaden the base of support, and nurture personal relationships with major current and prospective donors. By having a balanced fundraising program, an organization is better able to weather periods of economic instability or internal situations that can impact fundraising. In conclusion, a comprehensive approach is respectful of both major donors and modest givers.



# Your Organization and the Nonprofit World

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*These Americans are peculiar people. If, in a local community, a citizen becomes aware of a human need which is not being met, he thereupon discusses the situation with his neighbors. Suddenly, a committee comes into existence. The committee thereupon begins to operate on behalf of the need and a new community function is established. It is like watching a miracle, because these citizens perform this act without a single reference to any bureaucracy, or any official agency.*

—ALEXIS DE TOCQUEVILLE

## **AN OVERVIEW OF THE SECTOR—BROAD RANGE OF SERVICES**

The nonprofit sector is vital both to American society and to the world. Generous volunteers and donors work together to make a better world for themselves, their neighbors, and the larger community.

Educational institutions foster self-reliance and a passion for lifelong learning. Social service agencies give the poorest of the poor a hand up, not a handout. Healthcare and research institutions find new cures for disease and heal the sick. Cultural and arts institutions enrich our lives and illuminate the human condition. Conservation organizations preserve and protect our environment and wildlife. Churches, synagogues, temples, mosques, and other houses of worship renew our spirit and sustain our faith.

Simply put, the nonprofit sector addresses a broad spectrum of needs and is crucial to individual, family, and community well-being. Moreover, private nonprofit organizations are essential to the national economy. Consider the following.

## Economic Impact

Nonprofits play a significant role in the modern economy:

- The United States has approximately 1,550,000 nonprofit institutions. Of these, more than 1,076,000 are classified as tax-exempt charities by the Internal Revenue Service (IRS) under Internal Revenue Code section 501(c)(3).
- The global nonprofit sector has the 16th-largest economy in the world.
- Nonprofit organizations in the United States employ more than 10 percent of the national workforce.
- The contribution of the nonprofit sector to the U.S. economy is estimated at \$905.9 billion. This represents 5.4 percent of the country's gross domestic product (GDP).

## Voluntary Support

In response to the pressing problems addressed by the nation's nonprofits, Americans continue to be generous with their time, talent, and money:

- In one recent year, charitable contributions totaled more than \$358 billion.
- Approximately 80 percent of all charitable donations came from *individuals*, including 72 percent from current contributions and nearly 9 percent from bequests. An additional 15 percent of donations came from foundations (a portion of which are individual or family foundations); 5 percent was donated by corporations.
- Nonprofit organizations nationwide engage more than 62 million volunteers, representing 65 percent of all American households. Eighty-three percent of Americans donate money to charity each year.

## OPPORTUNITIES AND CHALLENGES

In the years to come, nonprofit organizations will be offered significant opportunities to increase their resources and enhance their services. At the same time, several issues pose serious challenges to the nonprofit sector.

Among the opportunities are the intergenerational transfer of wealth (and the concomitant opportunity to increase planned gifts), advances in technology, and an emphasis on collaboration.

Among the challenges are threats to the nonprofit sector's tax-exempt status, the need for regulation to deal with the small percentage of tax-exempt organizations engaged in abuses, and federal budget cuts in domestic spending.

Here are some of the trends that will affect philanthropy in the United States:

- Americans are aging. At present, one in three Americans are 50 or older; by 2030, one out of every five people in the United States will be 65 years or older. This compares to just 5.4 percent of the population a century earlier. As baby boomers retire, they will have more time to volunteer. Volunteers are twice as likely to make gifts to charity as nonvolunteers.
- The number of retired Americans is larger than ever before, and they are wealthier. Retired Americans are looking for places to spend their hours helping others and engaging in lifelong learning experiences. This group will transfer \$6 trillion to the next generation in the next 30 years. In anticipation of this huge intergenerational transfer of wealth, nonprofit organizations are investing more of their resources in planned-giving programs.
- Donors, especially foundations and corporations, are more interested in *outcomes* and more critical of overhead spending. They want charities to prove that the programs they help support are effective in changing lives and that they are doing so as cost-effectively as possible.
- Donors are less loyal to a particular charity. Currently, only 46 percent of donors in one year give in the next year; among first-time donors, this rate is only 25 percent.
- Information technology continues to alter everyone's life. To flourish, nonprofit organizations must be more nimble, having an active communications presence online and offline, as well as optimizing their electronic communication for a variety of platforms.
- The nonprofit sector continues to receive more scrutiny. Self-regulation and cooperation with federal and state legislative and regulatory agencies will be needed to preserve confidence in the integrity of our philanthropic institutions.
- There is a growing reliance on faith-based organizations to provide vital social services.

Successful nonprofit organizations will continue to monitor their internal and external environments. In response, they will adopt strategic plans that recognize and respond to their rapidly changing circumstances.

## **WORKING TOGETHER**

Effective nonprofit organizations form strategic partnerships. Some examples are arts institutions that join together to develop joint marketing strategies, churches that make space available to social service providers, conservation and preservation

organizations that share education facilities, nonprofits that form alliances to promote planned giving, and healthcare providers that share resources.

Many nonprofit organizations speak positively about the value of strategic partnerships and collaboration; however, they tend to act alone. Some executive directors, development directors, program heads, and marketing directors seem to think that opportunities for collaboration will appear magically. That is simply not the case.

People who believe in collaboration are willing to pay a price. They meet periodically—even when outcomes or expectations are not clear. These periodic meetings are essential to the process of developing trust and uncovering collaborative opportunities. Over time the process evolves. In the beginning, key personnel uncover small projects that they can do together. As the relationship matures, what began as a few joint projects evolves into a true strategic partnership.

In addition to strategic partnerships, charitable organizations—especially healthcare institutions—will explore mergers during the years to come. Competition for philanthropic resources, reductions in government spending, external forces such as managed care and stricter educational guidelines, and a host of factors will drive many small and inefficient nonprofits out of business. Mergers have the potential for producing economies of scale. By eliminating duplication and overhead, more of the organization's resources can be devoted to programs and services.

Ideas for collaboration among nonprofits are limitless. Donors do not like to support organizations that duplicate the work of other nonprofits. In fact, there is a growing trend among corporate and foundation funders to make grants to collaborative projects. Successful collaborative projects avoid duplication. They also exploit the synergy brought about by the collaboration.

Collaborations, strategic partnerships, mergers, and joint advocacy are examples of important organizational strategies. Before discussing other organization development and fundraising strategies, it might be helpful to step back and examine the key concepts related to strategic management.

## **IMPORTANCE OF STRATEGIC MANAGEMENT**

Strategic management has several advantages over the drift, freewheeling improvisation, and crisis management characteristic of some nonprofit organizations.

The benefits of strategic management accrue to the entire organization. Similarly, a strategic approach to fundraising helps ensure that your organization will obtain the generous financial resources needed to carry out its mission.

Fundraising professionals and volunteers who think strategically monitor their environments. They anticipate change. They observe trends. They stay tuned into the thinking of corporate and foundation decision makers. They are aware of

the changing demographics of their supporters. They respond to opportunities. They diversify their funding sources and stay focused on those cost-effective strategies that produce high net contributed income for their institutions. They continually look for ways to increase their base of supporters, understanding donor attrition and its detrimental impact on future fundraising.

### Strategic Management Process

People tend to avoid change whenever possible. Yet, change is unavoidable. A strategic approach to management recognizes the reluctance to change—and the unavoidable need to respond to changing circumstances.

Because “business as usual” will not work in the 21st century, much of the focus has been on *paradigm shifts*. For a true paradigm shift—a fundamental change in approach—to take place, strategic managers stop their organizations from focusing on the past and help them respond to a rapidly changing future. This process is called *strategic visioning and planning*.

There are many ways of thinking about the strategic planning process. For convenience, you might wish to think about it as a seven-step process (see Exhibit 2.1):

1. *Recognize and celebrate the organization’s history.* Even if many of the shared experiences are negative, one still must recognize that caring people gave birth to the organization and helped the institution through difficult times.
2. *Monitor the environment.* Examine the strengths and weaknesses of your internal resources. Look for the opportunities and threats presented by the external environment. This analysis of internal strengths and weaknesses and external opportunities and threats is called *SWOT analysis*.
3. *Define your organization’s mission and vision.* A mission statement answers the question, “Why do we exist?” A vision statement answers the question, “What will be different long-term when we fulfill our mission?” Neither statement is static; both should be reaffirmed or revised in response to megatrends and environmental change. The mission statement should succinctly answer four key questions: (1) What is the organization—what



**EXHIBIT 2.1** The Strategic Planning Process

is its business? (2) What does it do? (3) Whom does it serve? (4) What is the geographic range of its work? The vision statement should, in a single sentence, define what success will look like for the organization.

4. *Develop long- and short-term goals.* Many of the key goals flow from the organization's mission statement. Other goals flow from the SWOT analysis. Your organization will also want to develop broad goals dealing with each of the major planning dimensions: programs and services; governance and administration; facilities; human resources; technology; communications, marketing, and public relations; fundraising and resource development; and financial security.
5. *Define strategies, objectives, and action steps—how the organization will achieve its goals.* During the planning process, state how success will be measured. (Example: "Number of children served.") The plan should then include specific measurable targets. (Example: "Not less than 7,500 children served in the year 2011; 10 percent growth in the number of children served in each of the following three years.")
6. *Implement plans.* Refine organization design and systems. Decide who does what by when. Stay focused on critical success factors. The organization must decide on the ideal structure to achieve its goals. These solutions can be integrated into the plan by creating broad goals dealing with governance and administration. Each action step and objective must be assigned to a responsible party. Inspect what you expect.
7. *Evaluate performance.* Track expected results. Review the situation. Look for negative variance, both short term and over a period of three to five years. Also look for opportunity variance—unexpected good fortune. These latter variances often indicate a strength that could be built on or a new source of income that might be continued. Initiate adjustments.

## **BE SURE YOUR INSTITUTION IS WORTHY OF SUPPORT**

It is possible to have a modicum of fundraising success based on technique alone. Conversely, it is possible to have a strong nonprofit organization that performs relatively poorly in the fundraising arena. However, the most effective nonprofit organizations are strong, mission-based institutions that are achieving results and operating well-run fundraising programs.

As you think about strengthening your fundraising program, you can take the following steps to ensure that your organization is worthy of support.

1. *Have a clear sense of mission.* Try this experiment. Have a friend or any independent observer interview a few of your organization's key people

one at a time. Perhaps the interviewer could meet with your executive director, board chair, program head, development director, president of the auxiliary, marketing director, and several supporters. The interviewer can ask them about their understanding of the organization's mission. The key people can be asked to state the mission in their own words.

Now, ask yourself these questions: How well understood is the mission statement? Is there agreement or disagreement about our mission? Are all key stakeholders familiar with the mission? Can all the key people articulate how the organization's services are related to our mission?

If the key people cannot easily articulate your mission, your organization has one of two types of problems. First, the organization may have failed to define a clear mission. In this situation, the mission is not well understood because it is not well formed. Second, the organization has developed a clear mission but has failed to communicate that mission to prime constituents. If the interviews were limited to a few people close to the organization, and they had difficulty in stating the organization's mission, chances are that the problem is of the first type.

Some years back, Stanley Weinstein interviewed a marketing director of a large institution. He said, "When we think in terms of increased income, we should remember that we are a museum. When we begin to behave more like a museum and open a gift shop, our income should show a healthy increase." My next interview was with the director of the institution's programs. She said, "The important thing to remember about our institution is that we are *not* a museum. Our mission is to preserve the materials entrusted to us and to make them available to scholars."

Surprisingly, such differing views of an organization's mission—while not always so dramatic—are commonplace. You get the point. Conduct the interviews and find out whether your organization is laboring with similar unresolved issues.

2. *Strengthen your services.* Nonprofit organizations exist to serve. Whether your agency is a social service provider, an arts institution, a church, a school, or a healthcare organization, its purpose is to provide some service for the betterment of your community. Whatever your service is, leaders of your organization should periodically ask themselves the following: Who are we serving? Are our services effective? Are we providing the services in the most cost-effective manner? Are there others who need our services whom we are not serving? Are there other services we should provide that we are not yet providing? Are there others working on the same problem with whom we can collaborate? Are we taking the steps necessary to recruit and train the best service providers possible? What steps can we take to strengthen our services?

Success in fundraising has a direct relationship to the quality of services the organization provides. In any strategic planning process, a focus on the needs of the people served will keep your organization on track.

3. *Strengthen the board.* Enhance the nominating process. Recruit people of affluence and influence. Have a clear board member job description and term limits. Provide early and effective orientation. Get people involved. Have an active board committee structure. Devote sufficient attention to your executive committee, nominating committee, finance committee, strategic long-range planning committee, and resource development committee. The last of these committees can be responsible for overseeing the personal solicitation, major gifts, and planned-giving programs. You may wish to set up separate committees to deal with special events and membership. As uncommon circumstances arise, the board chair might appoint ad hoc committees to resolve the issues or make recommendations to the board.

Keep meetings lively and timely. Provide an agenda and any background material to the members in advance of the meeting so they can arrive prepared. Start and end on time. Refer business to subcommittees, but allow sufficient time for the board as a whole to discuss major issues. Conduct annual or biannual board retreats for additional training and to strengthen the group dynamics. Provide ample time for social activities.

4. *Remain tuned into community perceptions.* Meet with constituents and stakeholders in the organization. Conduct focus groups. Conduct informal interviews. Survey your supporters. Build on positive feedback. Eliminate negative perceptions. Be able to articulate the strengths of your organization.
5. *Develop an atmosphere of mutual respect between your board and staff.* Provide opportunities for interaction. Encourage open communication. Clarify roles: The board remains responsible for policy; the staff implements the policy. The board hires and evaluates the executive director; the executive director is responsible for managing the staff. The board works with the staff to formulate a budget; the board and staff have shared responsibilities for monitoring the budget.
6. *Develop an active volunteer pool.* Many organizations find it difficult to recruit and retain active volunteers. At times, staff members say that it is more timely and more cost effective to do a task themselves rather than to recruit and train a volunteer to do the work. No doubt this is true in many cases. However, the payoff for working with volunteers is twofold: (a) By increasing the number of volunteers close to your organization, the number of potential financial supporters is also increased; and

(b) individual, foundation, and corporate supporters often view volunteer involvement as cost effective and highly desirable. Organizations that invest in volunteer involvement often experience increased financial contributions. Volunteers are 66 percent more likely to make charitable contributions than are nonvolunteers.

An analysis of your organization's strength and capability is a critical step for becoming or remaining effective in the 21st century.



# Managing the Resource Development Function

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*Organizing is what you do before you do something, so that when you do it, it is not all mixed up.*

—A.A. MILNE

## **ANALYSIS AND PLANNING**

When beginning any resource development assignment, staff and key volunteers can increase their effectiveness by devoting sufficient time and effort to analysis and planning. Planning will be discussed later; first, let's turn our attention to analysis. Early analysis focuses on four main areas: (1) the case for support and the need for contributed income; (2) donor history; (3) fundraising strategies; and (4) resources.

The case for support is discussed in greater detail in Chapter 4. Some of the preliminary questions that must be posed during the early analysis include:

- How well understood is the organization's case for support?
- Do the existing fundraising materials clearly describe the need for contributed income in terms of the people served or mission accomplishments—rather than from the point of view of institutional needs?
- How much contributed income is needed to sustain the annual operations of the organization?
- How much contributed income is needed for the organization's high-priority special projects?
- Has the organization established an endowment goal? What is it? How does the endowment goal relate to the organization's programs and aspirations?

- Has the organization established a capital fund drive goal? What is it? If the organization is not planning a capital fund drive, has it identified high-priority capital projects that might attract major gifts without a formal capital campaign?

When gathering facts related to donor history, development professionals are often at the mercy of the information system. Some organizations maintain accurate and useful donor records. Some organizations are remiss in this area. And many emerging or grassroots organizations have yet to put in place any fundraising information system. This subject is covered in greater depth in Chapter 5; however, those responsible for fundraising—no matter what the state of the information system—must gather the most accurate information available concerning donor history and market forces. Here is a brief list of questions that form the basis of the early analysis:

- How many donors in total contributed in each of the previous three years? (Include individuals, corporations, foundations, and any other donor categories you track.)
- What was the total amount contributed in each of the previous three years?
- How many individual donors contributed?
- What was the total contributed by individuals in each of the previous three years?
- How many individual donors have contributed the last two or the last three years, compared to those that only gave one of the last three years?
- How many corporations and businesses contributed in each of the previous three years? What was the total contributed by corporations and businesses?
- How many foundations made grants to the organization in each of the previous three years? What was the total of all foundation grants?
- From which, if any, government agencies did the organization receive grants or contracts in each of the previous three years? What was the total amount of the government grants and contracts each year?
- Did the organization receive any funds from churches, professional associations, unions, or civic clubs during the past three years? How much was received from each?
- For the past three years, list the number of gifts and the total amount received in each of the following gift ranges: \$1–\$24; \$25–\$49; \$50–\$99; \$100–\$249; \$250–\$499; \$500–\$999; \$1,000–\$2,499; \$2,500–\$4,999; \$5,000–\$9,999; \$10,000–\$24,999; \$25,000–\$49,999; \$50,000–\$99,999; \$100,000–\$499,999; \$500,000–\$999,999; \$1,000,000 and above. (Adjust this scale for your organization’s gift range; be sure to extend the range

upward to remind your organization of the possibilities of even greater major gifts.)

- What sources of names and lists are available to the organization? Have affluent prospective supporters who have shown an interest in your mission or have a connection to someone in your leadership been added to the fundraising database?

The ease with which an organization is able to extract this information tells a great deal about the quality of the organization's record keeping. The aim is to establish reliable baseline information. If this is a difficult task, one of the organization's highest priorities is to purchase dedicated fundraising software or strengthen the system it has.

Here is one other bit of advice: If gift history must be reconstructed, be sure to start with the most recent year and work backward. Start by cleaning up current-year records. Next, reconstruct the previous year's donor records. Then proceed with each previous year. This is the quickest way to have reliable and usable information.

If the organization is establishing a new system or switching from one dedicated fundraising software program to another, you will want to transfer the records electronically to the extent possible. However, some very old databases are constructed using obsolete operating systems or are formatted in a manner that does not lend itself to electronic transfer. Similarly, some records are so corrupt that the transfer makes no sense. In most cases, it makes economic sense to clean up the existing records as much as possible before attempting an electronic transfer. With any electronic transfer, there will be some anomalies. Inspect the results. Manually correct all special situations and faulty records. Also, budget more time for the electronic transfer than predicted; this will enable you to deal with unexpected delays or problems that often arise without delaying your fundraising activities.

When analyzing fundraising strategies, be sure to focus on *net* contributed income. Answer the following:

- In the past three years, how much did the organization net from each of the following: personal major gift solicitation, mail, online activities, special events, grants, bequests, and other planned gifts?

When analyzing fundraising resources, start by examining the institution's human resources by asking:

- What fundraising staff members are in place? What are their experience levels? What are the strengths each person brings to his or her position? What is each staff member's job description?
- Are there other nonfundraising staff members who assist the fundraising efforts by entering data, providing donor service, or other support roles?

- How many board members participate in the resource development process? How well do the board members understand their role? Are there sufficient numbers of people of affluence and influence serving on the board? Do board members contribute each year? Is there a committee of the board concerned with fundraising for the organization?
- What other volunteers participate in the fundraising process? Does the organization have an auxiliary or volunteer support group? Are there other volunteers who help with fundraising projects or special events? Is the volunteer pool growing? Are there formal job descriptions and recognition programs in place for volunteers? Are the volunteers motivated and enthusiastic?

Next, examine your equipment, systems, facilities, and budgets. Ask:

- What equipment is available to the development office? Are a sufficient number of computers, printers, tablets, copiers, fax machines, mobile devices, and telephone lines available?
- Is the fundraising information system well maintained? Does the fundraising software meet your organization's needs? Are timely and accurate reports readily available? Is there more than one person trained to extract data from the system? Are all processes documented?
- Are the facilities adequate? Do you have sufficient space to accommodate your growth plans for both staff and volunteers for the next 12 to 18 months?
- Have you developed a realistic budget for the resource development function? Is the amount budgeted for staff sufficient to attract and retain experienced professionals capable of helping the organization reach its fundraising goals? Have you budgeted for continuing education for your fundraising staff? Does the budget allocate sufficient resources for fundraising materials? Does the budget adequately accommodate the need for rapidly changing equipment and technology? Does it accommodate supplies and other general expenses? Does the budget correlate well with the need to maintain a cost-effective operation that maximizes net contributed income?

These questions form the basis of your organization's analysis. The reader may also wish to conduct a more thorough analysis by delving into the complete self-assessment and evaluation in Chapter 16.

Often, nonprofit managers and development professionals avoid intense analysis and evaluation. With tight timelines and limited resources, staff members view analysis as a burden. However, it is helpful to remember that analysis and evaluation are most time consuming and difficult the first time they are addressed,

or the longer they are put off. The changes your organization makes in record keeping will serve it well for years to come. This type of analysis will provide valuable baseline information against which future results can be compared. As important, the analysis—if it includes data from several years—will indicate trends that your organization will want to track and then strategize ways to potentially reverse negative trends.

Once the analysis has been completed, the next task is to develop a comprehensive resource development plan that is responsive to your organization's unique circumstances. The plan's success will depend on two critical traits—*effectiveness* and *efficiency*.

### **EFFECTIVENESS: DOING THE RIGHT THINGS**

Effectiveness focuses on high payback activities. When deciding which fund-raising strategies to undertake, first determine what will produce the greatest payback for the time and resources spent. These are the activities to schedule and focus on. If your organization has a strong history of receiving grants, by all means continue and strengthen the grants program. If your organization is becoming bogged down with too many small-scale special events, strategize changes to make the events more successful, seek larger sponsorships, or cancel the events. If your organization has the potential to develop a successful mail campaign, but the data are not sufficient to quantify expected results, budget and schedule some test mailings. Also consider testing a combined phone and mail program, if such a program seems appropriate for your organization. If your donor file is stagnant or declining, research what sources have been most successful for adding sustainable new donors in the past. By all means, consider implementing or strengthening your organization's major gift program.

Thus, effectiveness always involves some basic *decisions*. What undertakings and areas of concentration will produce the most desired results and greatest impact? Remember, your goals are to:

- Maximize net contributed income.
- Increase the number of donors and sources of contributed income.
- Nurture positive relationships with all supporters and potential supporters; nurture personal relationships with those capable of pacesetting leadership contributions.
- Continually strengthen the organization and enhance its reputation.

Earlier we mentioned Pareto's 80/20 rule. Vilfredo Pareto, Italian sociologist and economist (1848–1923), observed that 20 percent of all effort produces 80 percent of all results. How can your organization put this powerful observation to work?

Fundraising professionals know that personal contact and relationship-building activities precede any consideration of major gifts. Yet, how many professionals and volunteers devote nearly enough time to nurturing these relationships? Effectiveness is setting the right goals and following through with your plans.

As individuals and professionals, fundraisers have multiple roles. Development officers wear several hats: planner, writer, volunteer trainer, communicator, project organizer, and ombudsman. Personal and family roles are equally complex. We also must not ignore our spiritual needs as we plan for effective and balanced lives. A burned-out staff member or volunteer is of little value to your nonprofit organization.

The first task in getting organized is to list *all* of the fundraiser's roles. Following this, you can ask the basic questions: "What are the goals for each of these roles? What critical factors can I monitor to make sure that I stay on target?" Once you have answered the basic questions you can improve your chances for success by nurturing the traits most commonly associated with effectiveness:

- *Understanding and control of time.* Effective people understand time and know how they spend this valuable resource. They log their time periodically. They evaluate how they use their time in light of their priorities.

Very often, development professionals are hired because they are generalists. They have strong people and communication skills. Often they are viewed as people who can serve the organization in a broad range of capacities. Many times these development professionals are called on to perform work that is not strictly related to fundraising. Many professionals find that they are spending only a small percentage of their time devoted to resource development. Most find that they spend far too little time meeting with key supporters and prospective major donors.

- *Focus on results.* Ask, "What results are expected of me? What can I do that will have the greatest impact?"

Remember that the only results that really count are outside the organization rather than within the organization. Ask yourself if you, as a development professional or volunteer, are focusing on activities that will bring prospective donors closer to your organization. Will the development office's activities enhance the long-term reputation of your organization in our community? Will your activities motivate donors and maximize net contributed income?

- *Build on strengths.* It has been said before, but it is worth repeating: Concentrate on the fundraising strategies at which your organization excels.

On a related point, effective people staff from strength. Management expert Peter Drucker points out that effective executives never focus on weaknesses. Their question is always, "What can I do uncommonly well?"

Drucker advises us to “look for excellence in one major area and not for performance that gets by all around.”

This book recommends a comprehensive approach to resource development. Do not, however, misinterpret this advice. If your organization has great strength in its mail program, special events, or grants programs, build on those strengths. Then add new initiatives as resources allow. A key is to have a balanced program that can withstand the economic ebbs and flows and changes in donor preferences.

- *Recognize responsibility, take initiative.* Effective people are alert. They are planners. They also implement preventive measures. To be effective self-starters, nonprofit executive directors, development directors, key staff, and key volunteers must *schedule and perform* their real priorities.
- *Have vision.* Effective people set goals. They have the ability to envision a future of their creation.
- *Develop interpersonal competencies.* Effective people have “people skills.” They are effective communicators. They understand other points of view and nurture *empathy*. They remember that all human beings need *recognition*.

Above all, development professionals must understand *motivation*. They must know what motivates donors to give and what motivates volunteers to serve. They must understand what motivates colleagues and staff. Working alone they accomplish little. Effective people learn the power of collaboration and *team building*.

In fundraising, as in life, the highest payoff activities are planning, setting goals, doing what needs to be done, evaluating and refining our strategies and methods, employing preventive measures, eliminating bad habits and low-payoff activities, and building positive relationships. By their nature, these very-high-priority activities do not have their own deadlines. To actually occur, they must be scheduled. The two models in Exhibit 3.1 illustrate this.

Assembling and prioritizing the daily to-do list is not enough. Development professionals must use daily and longer-term planning calendars to schedule blocks of time for the very-high-payoff endeavors. For this to occur, *cultivation* and *friend-raising* activities must be scheduled; for this to occur, program review and evaluation must be scheduled; and for this to occur, prospect research must be scheduled. To gain the time to perform the high-priority activities that have been scheduled, you will want to eliminate low-payoff activities and learn the time-saving techniques associated with efficiency.

## **EFFICIENCY: DOING THINGS RIGHT**

Once we have established our priorities and goals, we must pursue our aspirations in the most competent, practical, and productive manner. This is efficiency. Does

*Model #1:* A popular and common conceptual model. This closely represents reality, but it focuses on "high payoff/do now" activities. This view of time management fosters crisis management and reactive behaviors.

High Payoff			
Medium Payoff			
Low Payoff			
	Do Now	Do Soon	Can Wait

*Model #2:* Illustrates Weinstein's Law: **The highest payoff activities do not have their own deadlines.**

Weinstein's corollary: **To occur, non-deadline-driven, very-high-payoff activities must be properly scheduled.**

Very High Payoff	CHANGE TO "DO NOW" ←	Relationship building; Planning; Discarding bad habits; New initiatives; Evaluation; Prevention; Etc.	
High Payoff			
Medium Payoff			
Low Payoff			
	Do Now	Do Soon	Can Wait

**EXHIBIT 3.1 Two Time Management Models**

producing a routine letter take more than an hour? Can we eliminate some steps or speed up a lot of the simple chores and communications, thus saving our time for higher-priority work?

Here is a cautionary note: *Efficiency* is not the same as *effectiveness*. If in our effort to be productive we make a prospective donor feel rushed or unimportant, we may gain 10 minutes but lose \$10,000.

With this cautionary note in mind, we can turn our attention to internal efficiencies. Take stock of how things are done in the office. Try this simple exercise. Pretend you are a donation check. Follow yourself from the incoming mail through the record-keeping process to the deposit. What did you learn? Who opens the mail? Are there any bottlenecks? Are there points in the system

where the gift entry is redundant? Are the controls adequate? Does the system result in a gracious acknowledgment letter being sent within two business days of receipt? How long does it take to thank each donor? Are major donors also thanked with a phone call or personal note?

After this simple analysis, you may wish to refine your gift-handling procedures. You may wish to ask peers in the fundraising industry for models they have found to be most effective. Also be sure to have an accountant look at your gift-handling policies and procedures to be sure they comply with accepted standards.

Policies and procedures should be kept as simple as possible—but not too simple! We should think through all the implications of our policies. Systems have their own cost-benefit ratios. The aim is to maximize the benefit while minimizing the cost. After eliminating unnecessary steps and reports, policies and procedures should be documented. Thoughtful documentation is tangible evidence that ongoing activities have been reduced to simple-to-administer routines and protects the organization should a person no longer be available to perform the task.

## **BUDGETS AND FINANCIAL RESOURCES**

Resource development professionals and board members have two concerns related to the organization's budget: the nonprofit institution's *overall* budget and fiscal health, and the budget and cost-effectiveness of the *fundraising program*.

The institution's fiscal health is of paramount concern to donors. This concern is manifest in a range of issues:

- *Donors focus on institutional credibility and accountability.* Thoughtful donors support organizations with strong budget processes and reputations for fiscal responsibility.
- *Donors want to know how their contributions will be used.* They focus on projects that match their philanthropic interests. They want to know that their funds are being used wisely. Prospective donors are often motivated to make major contributions in response to specific projects and budget projections that generate named-gift opportunities.
- *Donors recognize the benefits of a thoughtful budget process.* Thoughtful budget processes give decision makers an opportunity to focus on priorities and impact. Moreover, the process gives all involved a chance to buy into the program. Prospective donors want to know that the organization has a solid budget that is backed by wise planning.

Budgeting gives management an overall view. Each activity is fit into a general plan. Budgeting sets performance goals for each activity. Budgeting regulates spending within the limits of income.

With careful monitoring of the budget process, management can determine in advance to what extent contributed income is especially urgent or when financing might be needed. (At times, cash-flow projections can be a powerful fundraising tool. Few events create a sense of urgency as strong as a pending cash-flow crisis.)

Budgeting is imperative for the board and management to anticipate unfavorable situations and to take timely corrective action. Budgeting also allows the board and management to identify unexpected favorable variance. Unanticipated positive cash results can signal a fundraising or earned income opportunity on which to build.

Executive directors of nonprofit organizations, key staff, and board leaders should be thoroughly familiar with the institution's budget process. If the organization has not yet adopted a formal budget process, or if the institution wishes to refine its process, the board's finance committee may wish to examine the sample budget process outlined in Exhibit 3.2.

The executive director, finance director, treasurer, and the board finance committee have responsibility for monitoring the performance of the nonprofit organization's overall budget. The development director has the primary responsibility of monitoring the budget for fundraising and resource development.

## **The Fundraising Budget**

Before we can address the issue of monitoring the resources and results, the fundraising team must first develop its annual budget. Let's tackle that chore now.

The budget format in Exhibit 3.3 focuses on fundraising strategies. To construct the budget using this format, the development staff or key volunteers must make careful estimates of income and expenses based on each of the fundraising strategies employed by the nonprofit organization. The format also reminds the reader to include a board campaign and a personal solicitation program. Direct mail, telephone, and special events may not be appropriate for every organization, but board giving and person-to-person contact can benefit any organization. If resource development staff and volunteers do not have experience in some of the fundraising strategies included in the sample budget format, the appropriate chapters of this book can provide preliminary help in estimating results. However, when implementing and budgeting a new fundraising strategy, development professionals may wish to employ a consultant or confer with colleagues from other nonprofit organizations.

The Sample Development Office Budget (see Exhibit 3.3) was constructed largely around staff expenses and fundraising strategies. At times, development professionals start by setting goals based on programmatic or institutional needs. For example, the board finance committee for a grassroots organization might

**EXHIBIT 3.2 SAMPLE NONPROFIT AGENCY BUDGET PROCESS**

1. Reexamine mission—develop preliminary goals, objectives, and recommendations.
  - a. Study options
    - Evaluate ongoing programs.
    - List and evaluate potential new programs.
  - b. Make preliminary recommendations for next fiscal year programs.
    - Develop a sense of priority, significance, and impact.
    - Remember, total agreement is not necessary at this stage.
    - Final agreement on goals, objectives, and programs takes place during the reconciliation process.
  
2. Estimate expenses
  - a. Use previous fiscal year's actual expense information to serve as a point of departure for budget estimates of ongoing programs. Refine data and improve forecasts.
  - b. Staff should carefully estimate the costs of any potential new programs.
  - c. Carefully estimate aggregate costs of the preliminary program recommendations. Preserve line-item detailed expense estimates for all programs.
  
3. Estimate income
  - a. Carefully examine all revenue sources:
    - Government (city, state, federal)
    - United Way/Other Workplace Giving Campaigns
    - Endowment
    - Annual fund (This should never merely be a plug number. Rather, the institution must develop objective means of estimating the potential and expected results. Realistic estimates are mandatory.)
    - Special events
    - Fees, contract services, ticket income, admissions, payment for services, tuition, sales of goods or other measures of "earned income" appropriate to the individual agency, detailed analysis on a per-project basis.
    - Unrelated business income
    - Auxiliary or guild income
    - Program advertising
    - Interest
    - Miscellaneous and other income sources unique to the individual agency
  - b. The revenue estimates must be detailed and based on the specific program recommendations.
  
4. Reconciliation
  - a. Examine income vis-à-vis the expenses. **Expenses must not exceed income!** Once the institution adopts the notion that planned deficits are permissible under certain circumstances, the floodgates will have been opened. The ultimate result can be an agency's drowning in its own sea of red ink.
  - b. Adjust program goals and objectives to appropriate levels.
  - c. Make the hard decisions and double-check your revised figures.
  
5. Board approval
  - a. This is not just a formality; the budget must be carefully presented to and reviewed by the ratifying body.
  - b. Once ratified, all involved must be committed to the resulting plan of action.

(Continued)

## EXHIBIT 2.2 (CONTINUED)

6. Monitor and administer the budget
    - a. Administer the budget correctly but not inflexibly.
    - b. The overall plan must not be sacrificed in order to keep one item on line.
    - c. The appropriate decision makers must be prepared to explain to the board any *planned* deviation.
    - d. Break down the budget into periods corresponding to periodic financial statements. Estimate income and expenses on a monthly or quarterly basis. (To the extent possible, plan income-producing activities or fundraising strategies to help alleviate the organization's cash-flow difficulties, if any. Also, be cautious of large contributed income projections late in the fiscal year when little time remains to correct any adverse conditions.)
    - e. Statements must be prepared on a timely basis and compared with budget projections.
    - f. Board must act—it must take action in cases of significant adverse deviation from the approved budget plan.
- 

calculate that the organization needs \$225,000 for annual operations, \$7,500 for new computer equipment, and \$50,000 for an intensive advocacy campaign. In this case, the organization's executive director, who is the person mainly responsible for fundraising, figures that the organization can approach several foundations for operating funds assistance and a local computer manufacturer for the equipment. The executive director can also approach affluent individuals and additional foundations for the advocacy campaign. The \$225,000 is quite a bit more than previous years but still must be raised through the organization's direct mail, phone, and special events. The executive director may also consider initiating a major gifts club—thus encouraging \$250- and \$500-a-year annual donors to consider contributions of \$1,000, \$2,500, \$5,000, or more.

Alternatively, a mature institution with a \$10 million annual budget may be contemplating a \$6 million capital/endowment campaign to build a new facility and endow the maintenance of that building. In this case, the chief development officer prepares the annual budget but also includes expenses in preparation for the capital/endowment campaign: consultant fees, more intensive prospect research, and enhanced cultivation activities. In either case, the reasoning should bring the planner back to the fundraising strategies that will produce the income needed for the project or programs.

Some resource development budgets and plans have been constructed around the organization's programs, with inadequate planning regarding fundraising strategies. One such plan listed three program initiatives and enhancements to annual operations. The plan and budget for the first program initiative listed several foundations to be approached. The plan also included a special mail appeal and concluded that the remainder of the funds needed would be solicited from

## EXHIBIT 3.3

## SAMPLE DEVELOPMENT OFFICE BUDGET

**Income**

Prospect Mailings (5,000 × 16 × 1/2% × \$35) = 400 new	\$14,000
In-house Mail Renewals and Upgrades	355,000
Grants	210,000
Fundraising-Special Events	
Special Events—Sponsorships (two events)	60,000
Special Events-Other Income	52,500
1. (275 people × \$50 ticket = 13,750) + (110 people × \$100 purchase = 11,000) = 24,750	
2. (\$75 × 370 people) = 27,750	
Board Campaign (24 members: 1@10K; 2@5K; 4@2.5K; 7@1K; 5@.5K; 4@.3K; 1@.1K)	40,800
Personal Solicitation	
Individuals	178,000
Corporations	117,000
Email and Website	45,370
United Way/Other Workplace Campaigns Options	21,000
Bequests	20,000
<b>Total Contributed Income</b>	<b>\$1,113,670</b>

**Expenses**

Staff (DofD@90K; Data Entry/Records@35K; Sp.Event Mng.@45K)	
Salaries	170,000
Benefits (25%)	42,500
Taxes (15%)	25,500
Professional Associations	500
Training and Conferences	1,500
Travel, Food, Lodging	2,000
Equipment, Maintenance, and Software Support	3,000
Office Supplies and General Printing	1,500
General Postage	2,500
Relationship-Nurturing Activities	
Volunteer and Donor Acknowledgment Events	3,000
Open House	500
Social/Informative Gathering(s)	750
Miscellaneous Entertainment	600
Acknowledgment Mail	2,680
Acknowledgment Items, Plaques, and Benefits	4,000
Prospect Mail	
Nonprofit Rate Postage (30,000 × 2 × .15)	9,000
Printing (60,000 × .50)	30,000
List Rental (80/1,000 × 60)	4,800
Consultant, Copy, Design	2,000
Mail House Services (60,000 × .15)	9,000
In-house Mail (renewals and upgrades)	
Postage (12,000 × 7/year × .15)	12,600
Printing (12,000 pieces × 7/year × .65)	54,600
Consultant, Copy, Artistic	7,500
Mail House Services (12,000 × 7/year × .15)	12,600
Special Events (expenses from each event budget)	43,000
Personal Solicitation Materials	
Case Statements and Other Presentation Materials	4,500
Presentation Folders	1,500
DVD Case Statement	4,000
Pledge Cards and Call Report Cards	500
Planned Giving	
Seminars (2)	800
Planned Giving Inserts	500
Brochures (4,000 × .20) + postage (4,000 × .15)	1,400
Email and Website Copy	3,000
<b>Total Expenses</b>	<b>\$461,830</b>
<b>Net Contributed Income</b>	<b>\$651,840</b>

interested individuals and corporations. The second and third program initiatives were similarly “planned.” The plans for increased annual funds included vague enhancements to the annual campaign and overly optimistic budget projections. There are many problems with this approach. The first is that the planning for each fundraising strategy becomes fragmented. The second major problem is that budget projections should never be based on need alone. Thoughtful planning calls for the ability to set realistic goals.

## SETTING FUNDRAISING GOALS

Experienced professionals focus on cost-effective fundraising strategies. Moreover, they employ five methods for setting fundraising goals: (1) summarize old and new gift potential, (2) create a goal based on board of directors’ donations, (3) perform a feasibility study, (4) prepare comparative statistics, and (5) use an analysis of each prospect and request amount.

The first—as well as most common and effective—method of setting goals is to summarize trends and recent gift history, adjust for known losses, and project an organization’s goals based on this analysis (see Exhibit 3.4). The scorekeeping reports in Chapter 16 will help you project trends and focus on *net* contributed income.

The second method of setting goals works well if an organization relies heavily on a person-to-person major gift initiative. In such a case, a rough estimate of potential can be based on giving by board members. One general rule in fundraising is that the Board of Directors donates approximately 15 percent of the contributed major gift income. This observation can be expressed algebraically:

$$\text{Board Contributions} = 0.15 \times \text{Major Gift Total}$$

### EXHIBIT 3.4 SUMMARY OF OLD AND NEW GIFT POTENTIAL

Last Year's Fund Drive (all contributed income)	\$ _____
Minus Known Nonrepeatable Amount	– \$ _____
New Base of Support	\$ _____
1.1X New Base of Support = Base + Increased Gifts	\$ _____
(This assumes a 10% rate of growth. Use historical rate of growth based on recent trends.)	
Plus Value of New Prospect Pool	+ \$ _____
(Conservative estimates of increased prospecting and fundraising strategy initiatives)	
<b>Estimated Goal for New Fiscal Year Fund Drive</b>	<b>\$ _____</b>

Also carefully estimate the expenses. **Track *net* contributed income.**

With this belief—and a simple algebraic adjustment—the major gift goal can be projected once the board’s gift total is known.

$$\text{Board Contributions} \div 0.15 = \text{Projected Major Gift Income}$$

To illustrate, assume that the board donates \$41,000. When we divide \$41,000 by .15, the result is \$273,333. This figure can serve as the major gift goal. One must remember, however, that no mathematical formula should be followed blindly. Gifted managers make decisions. They adjust the projections based on additional analysis or information that may not be reflected in the projection.

The third method of setting goals listed earlier is the *feasibility study*. Many consultants choose to avoid that term because of the negative connotations associated with the word *feasibility*. At Stanley Weinstein & Co., this process is referred to and reported as a *pre-campaign planning study*.

Whether it is referred to as a *feasibility study*, a *market study*, a *philanthropic planning study*, a *campaign assessment*, or a *pre-campaign study*, an experienced consultant conducts confidential interviews with prospective pacesetter donors to the proposed campaign. Capital campaigns are almost always preceded by a planning study. Consultants are important to the process because they bring objectivity to the analysis. Someone not closely associated with the organization is better equipped to ask sensitive questions about the nonprofit organization’s reputation. Using consultants also allows the potential donors to speak candidly about their interest in the project and their potential financial participation.

The feasibility or planning study contains findings, conclusions, a summary of strengths and weaknesses, as well as recommendations concerning leadership, campaign structure, timing, and goals. The financial goals are established based on the possible and probable levels of support indicated by the study participants.

The fourth method of establishing goals is to gather and analyze comparative statistics—sources of income, expenses, number of donors, and totals raised through all of the specific fundraising strategies. There are benchmarking studies of total income raised that you can review, and you can also have your data run against that of organizations working in the same vertical. This is often difficult because the factors leading to the comparative results may very well be quite different from your organization’s circumstances. Still, gathering and analyzing data is a worthwhile exercise.

Even if you cannot readily access statistics, it is still possible to gather such data. For example, let us say that you work for a social service agency. With a bit of effort, you can form an ad hoc alliance with several similar agencies. The agencies chosen should have budgets similar to yours. The agencies should be in cities with demographics and population size analogous to your organization. It is one thing to meet a challenging goal in Chicago. It is quite another to achieve the same results in Yazoo City.

By gathering statistics, whether from published sources or through ad hoc alliances, it becomes possible to compare annual fund and capital campaign results. This information can help you set goals. If most of the other organizations outperform your agency's results in annual giving, you may wish to call representatives of each of the organizations to find out what they are doing differently. Armed with this new knowledge, the organization's goal can be adjusted upward as you institute recommendations from your colleagues.

The fifth method of setting goals is a name-by-name analysis of the prospect pool. This technique is especially helpful in preparing for capital campaigns. To employ this name-by-name analysis, list the top donors and prospective donors—those with the capacity to donate at leadership levels. Then, decide how much your organization will request from each donor and prospect.

The director of development then fills in the percentage probability of attaining each contribution based on experience and on these general guidelines: Donors who have given in the range to be requested for several years, 80 to 90 percent; donors who gave last year for the first time, 60 to 70 percent; donors who have skipped a year, 40 percent; new prospects (with a well-assigned solicitor), 20 to 30 percent; long shots, but with some rational expectation, 10 percent. If a representative of your organization has had a conversation with the prospect, and he or she indicated interest in donating at the levels discussed, the development director can rate the probability higher. The value assigned to each prospect equals the request amount multiplied by the percentage probability (see Exhibit 3.5). The accuracy of these subjective judgments is surprising.

The accuracy of the last column comes from its cumulative power, rather than from the individual amounts. For example, if five prospects on the list are to be asked to donate \$1,000 each and each is rated at a 20 percent probability, you might expect to raise \$1,000 total from that group of five. It would be a statistical anomaly if you were to receive \$200 from each of the prospects as the form seems to indicate. Rather, you might receive \$1,000 from one and nothing from the other four. Alternatively, you might receive \$600 from one, \$200 from two others, and two might donate nothing. Once again, the longer the list, the more accurate the estimation of the results.

With an understanding of this last method of establishing goals and predicting contributed income comes a number of insights concerning ways of increasing total donations: We can increase gifts by increasing the number of requests we make, we can ask our donors to consider larger donations, or we can increase the probability of receiving larger donations by strengthening our case for support and by nurturing closer relationships with our supporters.

Increasing total contributions is one thing. Maximizing net contributed income is another. The next section discusses cost effectiveness and the expense side of the puzzle.



**EXHIBIT 3.6 COST EFFECTIVENESS OF VARIOUS FUNDRAISING STRATEGIES**

<b>Fundraising Method</b>	<b>Typical Expense Range</b>
Direct Mail Acquisition	\$1.25 to \$1.50 per \$ raised
Direct Mail Renewal	\$.02 to \$.25 per \$ raised
E-Appeals	\$.04 per \$ raised
Special Events	\$0.45 to \$0.55 of gross proceeds
Grants: Corporation and Foundation	\$0.20 per \$ raised
Planned Giving	\$0.25 per \$ raised
Major Gift Personal Solicitation Programs	\$0.05 to \$0.10 per \$ raised
Capital Campaigns	\$0.05 to \$0.10 per \$ raised

Compiled from data published by Affinity Resources, the Association of Fundraising Professionals, and M + R Benchmarks Study.

require significant start-up investments. Do not be overly concerned if acquisition programs cost more than they bring in. The purpose of donor acquisition programs is to increase an organization's number of supporters. As a portion of these new donors renew and upgrade their support over multiple years, the initial investment pays for itself. Besides, the larger base of support will, over time, bolster the organization's major gift and planned-giving programs.

### Monitoring the Budget

If an organization's fundraising plan and timing of activities is similar from year to year, a budget format that compares year-to-date performance to last year's year-to-date may work well (see Exhibit 3.7). Alternatively, if fundraising activities are evenly spread throughout the year, you may wish to adopt a budget reporting format that compares the year-to-date performance to the budget expectations based on the percentage of the year completed (see Exhibit 3.8).

A better approach is to compare actual results to planned results. There is a formula that helps with this:

$$\begin{aligned}
 & (\text{Year-to-Date Actual}) - (\text{Year-to-Date Budgeted Amount}) \\
 & + (\text{Amount Budgeted for the Entire Fiscal Year}) \\
 & = \text{Revised Fiscal Year Projection}
 \end{aligned}$$

This mathematical formula should not be followed blindly. Management judgment can be employed to refine the projections. With or without adjustments to the projections, this formula suggests a very usable budget reporting format (see Exhibit 3.9).

**EXHIBIT 3.7 BUDGET REPORT: YEAR TO DATE VIS-À-VIS LAST YEAR TO DATE**

<b>Income</b>	<b>Year to Date</b>	<b>Last Year to Date</b>	<b>Annual Budget</b>
Prospect Mailings	4,600	2,100	\$20,800
In-House Mail	127,690	120,360	355,000
Grants	46,500	51,700	210,000
Special Events	53,750	41,790	112,500
Board Campaign	38,700	35,500	40,800
Personal Solicitation	120,300	100,150	295,000
Email and Website	22,500	3,850	38,570
United Way Donor Option	6,300	6,210	21,000
Bequests and Memorial Gifts	30,590	22,150	20,000
<b>Total Contributed Income</b>	<b>450,930</b>	<b>383,810</b>	<b>1,113,670</b>
<b>Expenses</b>	<b>Year to Date</b>	<b>Last Year to Date</b>	<b>Annual Budget</b>
Staff	52,100	47,550	177,800
Association Fees	0	0	550
Training/Conferences	210	0	1,500
Other Travel, Food, Lodging	270	210	1,000
Equip/Maintenance	970	2,400	3,000
Supplies/Printing	1,120	970	2,500
General Postage	840	900	2,700
Cultivation and Acknowledgment	3,210	2,500	11,530
Prospect Mail	5,520	2,850	42,000
In-house Mail (renewals and upgrades)	19,100	18,750	55,740
Special Events	24,600	23,450	43,000
Personal Solicitation Materials	2,100	570	14,250
Planned Giving	475	525	1,990
Email and Website	18,250	0	20,100
<b>Total Expenses</b>	<b>128,765</b>	<b>100,675</b>	<b>377,660</b>
<b>Net Contributed Income</b>	<b>322,165</b>	<b>283,135</b>	<b>736,010</b>

For the budget reporting format illustrated in Exhibit 3.9 to work, the fundraising team must first create its annual budget and then break it down into monthly or quarterly expectations. The task of making such projections is not a simple matter of dividing the year into 12 or 4 periods. Rather, the projections are made based on the schedule of activities. For example, if the major special event is scheduled in the third quarter, we would not expect to see one-fourth of the special event income in the first quarter. All of the income and expenses would be projected for the third quarter. The benefit of this budget reporting format is that the reports compare the results to this year's fundraising plan. Comparisons to last year are of little value if the plan is substantially different, or if the activities are scheduled at different times from those in the previous year. Comparisons to the percentage of the year completed have little meaning if the events and fundraising program elements are not evenly distributed throughout the year.

**EXHIBIT 3.8 YEAR-TO-DATE BUDGET REPORT: PERCENTAGE-OF-YEAR BASIS**

<b>July 1, 20XX, through October 31, 20XX (33% of Year)</b>			
<b>Income</b>	<b>Year to Date</b>	<b>% Annual Budget</b>	<b>Annual Budget</b>
Prospect Mailings	4,600	0	20,800
In-House Mail	127,690	0	355,000
Grants	46,500	0	210,000
Special Events	53,750	0	112,500
Board Campaign	38,700	1	40,800
Personal Solicitation	120,300	0	295,000
Email and Website	22,500	1	38,570
United Way Donor Option	6,300	0	21,000
Bequests and Memorial Gifts	30,590	2	20,000
<b>Total Contributed Income</b>	<b>450,930</b>	<b>0</b>	<b>1,113,670</b>
<b>July 1, 20XX, through October 31, 20XX (33% of Year)</b>			
<b>Expense</b>	<b>Year to Date</b>	<b>% Annual Budget</b>	<b>Annual Budget</b>
Staff	52,100	0	177,800
Association Fees	0	0	550
Training/Conferences	210	0	1,500
Other Travel, Food, Lodging	270	0	1,000
Equip/Maintenance	970	0	3,000
Supplies/Printing	1,120	0	2,500
General Postage	840	0	2,700
Cultivation and Acknowledgment	3,210	0	11,530
Prospect Mail	5,520	0	42,000
In-House Mail (renewals and upgrades)	19,100	0	55,740
Special Events	24,600	1	43,000
Personal Solicitation Materials	2,100	0	14,250
Planned Giving	475	0	1,990
Email and Website	18,250	1	20,100
<b>Total Expenses</b>	<b>128,765</b>	<b>0</b>	<b>377,660</b>
<b>Net Contributed Income</b>	<b>322,165</b>	<b>0</b>	<b>736,010</b>

**FUNDRAISING MODES**

Like generals preparing for battle, fundraisers must be sure that they are gearing up for the right war, using the appropriate strategies for the situation. How often do volunteers prepare for a capital campaign by examining all of their special event fundraising options? This strategy is simply inappropriate and ineffective for a capital campaign. Similarly, it would be overly optimistic or just plain unrealistic to believe that a foundation grantsmanship program could sustain the nonprofit

## EXHIBIT 3.9 YEAR-TO-DATE BUDGET REPORT: ACTUAL VIS-À-VIS PLAN

July 1, 20XX, through October 31, 20XX				
Income	YTD Actual	YTD Budget	Fiscal Year Budget	Fiscal Year Projection
Prospect Mailings	4,600	4,100	20,800	21,300
In-house Mail	127,690	120,000	355,000	362,690
Grants	46,500	49,000	210,000	207,500
Special Events	53,750	52,500	112,500	113,750
Board Campaign	38,700	37,500	40,800	42,000
Personal Solicitation	120,300	104,000	295,000	311,300
Email and Website	22,500	21,270	38,570	39,800
United Way Donor Option	6,300	5,500	21,000	21,800
Bequests and Memorial Gifts	30,590	10,000	20,000	30,590
<b>Total Contributed Income</b>	<b>450,930</b>	<b>403,870</b>	<b>1,113,670</b>	<b>1,150,730</b>

July 1, 20XX, through October 31, 20XX				
Expense	YTD Actual	YTD Budget	Fiscal Year Budget	Fiscal Year Projection
Staff	52,100	51,500	177,800	178,400
Association Fees	0	0	550	550
Training/Conferences	210	180	1,500	1,530
Other Travel, Food, Lodging	270	340	1,000	930
Equip/Maintenance	970	1,000	3,000	2,970
Supplies/Printing	1,120	600	2,500	3,020
General Postage	840	750	2,700	2,790
Cultivation and Acknowledgment	3,210	2,750	11,530	11,990
Prospect Mail	5,520	8,000	42,000	39,520
In-House Mail (renewals and upgrades)	19,100	18,000	55,740	56,840
Special Events	24,600	22,000	43,000	45,600
Personal Solicitation Materials	2,100	3,000	14,250	13,350
Planned Giving	475	450	1,990	2,015
Email and Website	18,250	17,100	20,100	21,250
<b>Total Expenses</b>	<b>128,765</b>	<b>125,670</b>	<b>377,660</b>	<b>380,755</b>
<b>Net Contributed Income</b>	<b>322,165</b>	<b>278,200</b>	<b>736,010</b>	<b>769,975</b>

organization's annual operations (although a multiyear grant of seed funds might get the organization started).

To be sure that your organization employs the appropriate fundraising strategies for its circumstances, it is necessary to have a firm understanding of various fundraising modes or states.

### The Annual Fund Drive

The term *annual fund* can be misleading. As stated throughout this book, one major goal of nonprofit organizations is to encourage supporters to make multiple

gifts throughout the year. Some supporters misinterpret the term *annual fund* to imply that the organization expects just one gift a year, and the term can also be confusing to volunteer solicitors.

To further confuse the issue, many nonprofits conduct *membership drives* or *have an annual mailing that provides a membership card*. Unless membership fees are closely associated with tangible and exclusive benefits, those responsible for fundraising can view the membership fee as a contribution. In fact, most memberships are unrestricted annual fund gifts. In return for the membership gift, donors usually receive a newsletter that they might have gotten anyway. The main advantage of conducting membership drives is that donors are encouraged to renew their support of the organization on an annual basis. Additional special project appeals create the feeling that the member is also helping support the ongoing valuable work of the nonprofit organization.

Characteristics of annual fund drives are:

- Annual funds are really operating funds. The contributions received are unrestricted.
- The strategies are designed to produce a broad base of support.
- The emphasis is on single-year contributions and pledges.
- The strategies used most frequently are direct mail and personal letters, email appeals, and special events. The results can be strengthened by adding a major gift component and by seeking special project support.
- Annual fund drives rely on a large number of requests. Response rates and gift levels increase when list selection improves, segmentation techniques are mastered, and the message is honed.

## **The Capital and Endowment Campaign**

Capital and endowment drives are discussed in Chapter 14. However, it would be helpful at this point to understand the main characteristics of capital campaigns. Too often, volunteers go into their capital campaigns with plans shaped by their successes in their annual fund drives. But experienced professionals know that direct mail, online solicitation, and special events are inappropriate strategies to emphasize when planning and implementing a capital campaign.

Characteristics of capital and endowment campaigns are:

- The emphasis is on visionary capital projects. Endowment fund campaigns frequently are combined with the capital campaign—often to endow the building project or major equipment purchase, or to endow the programs associated with the building or equipment.

- The emphasis is on pacesetter leadership contributions. (Often, the largest 10 investments will produce one-third to one-half or more of all capital funds raised. The largest 110 investments will produce from two-thirds to four-fifths of the total raised.)
- Donors are encouraged to make multiyear pledges.
- Most capital campaigns are preceded by a planning study.
- Capital campaigns are intense. The campaigns are organized in a sequential manner. A quiet or advancement phase focuses on stretch gifts and lead gifts from those closest to the organization. An intermediate phase focuses on major gifts from the philanthropic community. A public phase encourages generous and modest gifts from a broad base of supporters.
- The most effective fundraising strategy for capital campaigns is person-to-person visits and solicitations. Intense relationship nurturing activities are integral to the process.

### **Special Project Support**

Seeking special project support is a mode of fundraising that falls somewhere between annual fund drives and capital campaigns. Certainly, seeking special project support lacks the characteristics of intensive campaigns, either for operating or capital purposes. The appropriate strategies are grantsmanship and major gift fundraising. The major gifts can come from affluent individual supporters or from corporate donors.

Seeking special project support offers three advantages:

1. Regular donors often make second or third gifts in response to special project appeals.
2. Foundations, affluent individuals, and corporate donors often view attractive components of the organization's core activities as funding opportunities.
3. Special project support encompasses the larger investments needed for new project seed funds, modest-scale capital purchases, and existing program enhancements.

### **Hybrid Models**

Nonprofit organizations rarely engage in a single fundraising mode. What organization will abandon its annual fund drive to concentrate solely on its capital campaign? What organization is so well off that it can conduct annual fund drives but never has to seek special project support? How often are the nonprofit

organization's fundraising efforts geared *solely* to a capital campaign? Clearly, these are uncommon situations.

To be effective, nonprofit leaders must learn to manage a mix of fundraising activities. Effective resource development professionals must become comfortable with providing leadership for a visionary capital campaign while maintaining strong annual fund drives—with their time-consuming mail appeals, phone campaigns, and special events. At other times, the resource development staff must maintain their annual drives while meeting multiple grant application deadlines for special project support.

## Annual and Capital Campaigns

The most common questions asked of resource development professionals are: “How can we sustain our annual fund drive while conducting a capital campaign? Won't the capital campaign take funds away from the annual drive?”

There is a simple answer to these questions. With the proper approach, the capital campaign will strengthen the annual fund drives. Here's why: First, a well-planned capital campaign captivates the imagination. It inspires. The campaign engages people in a cause bigger than themselves, and it brings people closer to the organization. Second, the capital campaign focuses on the importance of leadership giving. Donors are inspired to make major multiyear commitments. The \$1,000-per-year donor may make an additional three-year pledge of \$15,000, \$30,000, \$100,000, or even more when approached for an investment in the capital campaign. When the pledge period is completed, such donors frequently increase their annual giving levels.

What, then, is the proper approach? There are several. One approach is the two-envelope metaphor. In houses of worship, members of the congregation make weekly offerings, pledge a specific amount for the year, or fulfill annual membership obligations. During capital campaigns, congregation members are reminded to continue their regular support, and are encouraged to make a generous multiyear pledge for the capital campaign. In many cases, this is more than a metaphor. In actuality, there are two types of envelopes: one for the regular offering and another for the capital campaign.

During capital campaigns, the presentation materials stress the importance of “gifts in addition to your annual support.” Campaign leaders remind donors to continue their annual support. Major donors understand that their capital campaign contributions are in addition to the ongoing support—thus, the two-envelope metaphor.

Another approach is the comprehensive campaign. With this approach, the organization states the case for an all-encompassing campaign that embraces the institution's annual operating, capital, endowment, and special project needs. In

reality, the organization's leaders still need to use the appropriate strategies for raising annual, capital, endowment, and special project support. In other words, the modest donors still receive their mail appeals and invitations to special events. Foundations can be approached for special project support or capital funds. Major donors are asked to continue their annual support and to consider a multiyear pledge to the capital/endowment drive. Many gift opportunities are developed. Supporters and prospective supporters are asked to consider components of the campaign that interest them the most. The endowment-building component of the campaign may encourage planned gifts in addition to the current gifts received during the pledge period.

With this level of activity, the key management task is to track the relationship-building activities and coordinate the requests. The university School of Medicine's development officer should not approach a key donor for a \$50,000 piece of equipment during the same week that the university president and chair of the board approach that person for a \$10 million contribution to the \$120 million Campaign for Excellence. The left hand must know what the right hand is doing.

With thorough prospect research and genuine concern for building relationships, it becomes possible to match the ideal gift opportunity to the right prospect. The aim is to offer each donor and prospective donor an opportunity to make a significant investment—an investment that will pay dividends for the people the organization serves.

### **Annual Fund and Special Project Support**

Two strategies are common to most experienced resource development offices. The first is to write program descriptions and grant applications for attractive parts of the operating budget. An essential quality of money is that it is fungible. When an organization acquires underwriting for one of its ongoing programs, this augments the organization's unrestricted gifts. The second strategy is to conduct vigorous annual campaigns and also seek major support for your organization's initiatives, special projects, seed funds, and nonrecurring endeavors.

To illustrate the first strategy, an organization may approach a foundation to provide multiyear support for an established Learning Center at a homeless shelter. You need not stress that the Learning Center is established. Rather, you might stress enhancements to the program or reasons the program is particularly needed at this time. Other examples include symphony concert sponsorships, underwriting for popular ongoing museum exhibits, and adopt-an-animal plans at zoos. At this point, the line between gift opportunities (where the focus is on how the gift will be acknowledged) and special project support (where the focus is on how the funds are accounted for and used) becomes murky. However, the result is that special project support augments annual operating contributions.

The second strategy—vigorous annual campaigns with funding requests for nonrecurring special projects—is also commonplace. A problem occurs, however, when the staff is so small or too poorly organized to get to the grant applications and major gift visits. The answer to this problem is to schedule blocks of time for grants research and writing. Simultaneously, fundraisers can eliminate low-payoff timewasters and devote more time to nurturing relationships and visiting major donors.

### **The Comprehensive Approach**

The strategy, or fundraising mode, that successful nonprofit organizations pursue most of the time is to conduct vigorous annual campaigns while seeking, encouraging, and accepting capital, endowment, and special project investments. An organization does not have to be in a capital campaign mode to accept capital gifts. An endowment can grow through bequests or other planned gifts. Moreover, generous current donors can be encouraged to make a lifetime gift to the endowment fund.

To manage the complexity of the comprehensive approach, organizations will need to observe the following principles:

1. Stagger activities so that they can be handled even with small staffs (see Exhibit 3.10).
2. Time fundraising activities based on response rates. (Example: Prospect mailings in early November and December are far more likely to produce positive results than summer mailings.)
3. Schedule major cultivation events such as open houses and annual dinners.
4. Devote blocks of time to time-consuming tasks, such as grant research and grant writing.
5. Build on strength. Focus energies on the fundraising activities that maximize long-term net contributed income. Eliminate low-payoff activities.

### **SPECIAL ISSUES RELATED TO SMALL AND LARGE OPERATIONS**

A great deal has been written and said about the challenges faced by the small development office. Mostly, it boils down to common complaints: too few people; too much to do; too little time in which to do it.

However, experienced development professionals know that the issue just stated misses the point. No one has the time to do everything. Everyone feels

**EXHIBIT 3.10 COMPREHENSIVE DEVELOPMENT PLAN**

Key Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Acquisition mailing				X <sub>R</sub>						X <sub>R</sub>		
Auxiliary and volunteer appreciation event			X <sub>D</sub>					<input type="checkbox"/>	<input type="checkbox"/>			
Directors and trustees 100% campaign								X <sub>E</sub>	X <sub>E</sub>			
E-newsletter	X <sub>R</sub>	X <sub>R</sub>		X <sub>R</sub>		X <sub>R</sub>	X <sub>R</sub>		X <sub>R</sub>	X <sub>R</sub>		X <sub>R</sub>
Fundraising e-appeal		X <sub>R</sub>						X <sub>R</sub>		X <sub>R</sub>		X <sub>R</sub>
Fundraising appeal letter, donors	X <sub>R</sub>			X <sub>R</sub>	X <sub>R</sub>	X <sub>R</sub>	X <sub>R</sub>		X <sub>R</sub>			
Fundraising appeal letter, prospects				X <sub>R</sub>					X <sub>R</sub>			
Government grants; contracts and underwriting		X <sub>G</sub>	X <sub>G</sub>	X <sub>G</sub>	X <sub>G</sub>	X <sub>G</sub>	X <sub>G</sub>	X <sub>G</sub>	X <sub>G</sub>	X <sub>G</sub>	X <sub>G</sub>	X <sub>G</sub>
Grant reporting		<i>as required (G)</i>										
New grants research	X <sub>G</sub>						X <sub>G</sub>					
Newsletter (mail)			X <sub>R</sub>		X <sub>R</sub>		<input type="checkbox"/>	X <sub>R</sub>			X <sub>R</sub>	
Personal solicitation: lists and gift opportunities preparation	X <sub>D</sub>	X <sub>D</sub>										
Personal solicitations	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>	X <sub>D, E</sub>
Planned giving seminar			X <sub>P</sub>					X <sub>P</sub>			X <sub>P</sub>	
Planned Giving Society luncheon								<input type="checkbox"/>	<input type="checkbox"/>	X <sub>P</sub>		
Preparation of fiscal year final report											X <sub>D</sub>	X <sub>D</sub>
Special event fundraiser			X <sub>D</sub>	<input type="checkbox"/>					X <sub>D</sub>			X <sub>D</sub>
Volunteer phone-a-thon			X <sub>D</sub>							X <sub>D</sub>		

Key: Person primarily responsible

G: Grants Manager (or Director of Development in a one-person shop)

D: Director of Development

P: Planned Giving Manager (or Director of Development in a one-person shop, using an outside consultant)

E: Executive Director

R: Direct Response Manager (or Director of Development in a one-person shop, using outside consultants and/or vendors)

understaffed. The task for development professionals is to make decisions. They must decide what to do, when to do it, and what the expected outcomes are.

They also must decide what *not* to do. Too often in one- or two-person development shops the development director spends his or her time shopping for t-shirts, stuffing envelopes, and choosing decorations for a special event that barely pays for itself—let alone for the staff time. At other times, the small staff gets wrapped up in designing and printing materials that are never used in the solicitation process.

Another problem occurs when the development staff is given responsibility for public relations. Have you ever seen a job title such as “Director of Development and Public Relations”? Chances are that whatever comes after the word *and* is what gets done. For a variety of reasons—fear of rejection, perceived risk involved with measurable outcomes, and discomfort in discussing money—the director of development responsibilities gets lost in the shuffle.

Again, the answer is focus and concentration. The professional must ask, “What public relations activities will have the greatest impact on the institution? What fundraising strategies will maximize net contributed income?”

The answers to these two questions overlap in significant areas. A strong case for support, a sustained effort at nurturing relationships, and the ability to segment constituencies and target our messages are essential to both the resource development and public relations programs. The public relations program should have clear objectives. Name recognition is not enough. Nonprofit organizations need strong public relations and marketing efforts to help recruit volunteers, increase earned income, and create an environment where contributed income can be maximized.

By remaining focused, one- or two-person offices—even those with public relations responsibilities—can handle two acquisition mailings; at least four segmented mailings and six eAppeals to the in-house list annually; a personal solicitation program; one volunteer phone-a-thon; a cost-effective planned-giving program; one or two major special events annually; at least two print and four online newsletters annually; a simple-to-administer grants program; and a vigorous cultivation and acknowledgment program.

When these activities begin to produce substantial net contributed income, expanding the staff may make economic sense. However, your analysis must demonstrate that the opportunity cost (i.e., the lost funds that might have been earned by having additional staff) is far greater than the expense related to the additional staff.

As an institution grows and the development staff expands to meet the demand for increased contributed income, a new set of challenges come into play: issues related to control, coordination, and evaluation. The fundraising staff that started with a director of development and an assistant/data entry person may grow with

the addition of a mail campaign professional, a special event coordinator, a grant writer, a major gift officer, a director of gift planning, or any combination of personnel that can respond to the institution's unique circumstances. At the same time, data entry and other support personnel are added as the volume of contributions and gift levels increases.

Here are some general guidelines for larger development offices:

- The staff should include one development officer for every 200 prospects capable of contributions of \$25,000 or more.
- A development officer should help close at least 25 commitments per year. Each commitment should be for not less than \$15,000.
- Prospective supporters are assigned to only one development officer. The prospect's name may not appear on more than one development officer's list.
- Development officers are responsible for identifying new prospects, nurturing relationships, and assuring that the prospects are offered an opportunity to make significant investments.

Senior development officers develop and monitor a system that quantifies key information concerning the donors and prospects on each development officer's list. This information includes proposed request amounts, the probability of receiving the request amount, estimate of when a pledge might occur, and where each prospect is in the cultivation cycle. In a numeric system, you might assign the following cultivation cycle indicators: 0 = Suspect; 1 = Viable Prospect; 2 = Relationship Nurturing Underway; 3 = Request But No Response; 4 = Agreed to Gift; 5 = Closed. To understand how this is useful, please see Exhibit 3.11.

In addition to monitoring the performance of each development officer, senior staff members also evaluate the effectiveness of each person responsible for a specific fundraising function or strategy. Each functional area—grants, annual fund, major gifts, and planned giving—is evaluated on the basis of return on investment. As important, the senior staff should monitor each functional area to quantify the net contributed income generated each year. By monitoring this over time, development staff members are naturally encouraged to find ways to improve performance of each of the institution's fundraising strategies.

## **ETHICS**

The nonprofit institution's ethical standards have an impact on resource development. The public expects charitable institutions to be held to the highest ethical standards, and when those standards are breached, donors withhold their support.

## EXHIBIT 3.11 DEVELOPMENT OFFICER REPORT

Prospect	Volunteer	Cultivation Level	Pledge Target Date	Request Amount	Probability (%)	Value
C. Davis	A. Martinez	5	7/17	500,000	100	500,000
B. Padilla	A. Martinez	5	6/17	150,000	100	150,000
A. Quigley	D. Barnes	5	6/17	25,000	100	25,000
D. Palinski	L. Chen	4	9/17	50,000	50	25,000
F. Harding	A. Martinez	4	9/17	50,000	60	30,000
B. Santiago	D. Barnes	4	9/17	30,000	20	6,000
J. Baxter	J. Rodriguez	4	9/17	30,000	50	15,000
S. Smith	T. West	4	12/17	100,000	80	80,000
M. Liggett	L. Chen	4	12/17	50,000	40	20,000
M. Kim	A. Martinez	3	9/17	25,000	80	20,000
F. Winston	T. Downey	3	9/17	50,000	40	20,000
H. Nguyen	D. Barnes	3	9/17	10,000	80	8,000
W. Payne	J. Rodriguez	3	12/17	10,000	60	6,000
A. Maynard	L. Chen	2	3/18	100,000	40	40,000
R. Wang	T. West	2	3/18	250,000	50	125,000
Numerous other names and ratings						
<b>Total</b>				<b>1,430,000</b>		<b>1,070,000</b>

Ethics is not an exact science. To be sure, there are many gray areas. Mechanical decisions are not possible, but decisions must be made. There is widespread agreement on a broad range of ethical responsibilities. Nonprofit organizations are recognized as having both internal and external ethical responsibilities. The external responsibilities include:

- Stating the truth in fundraising, marketing, and public relations.
- Meeting obligations to donors, vendors, and external stakeholders.
- Maintaining all personal data in a secure manner.
- Providing service recipients with services of the highest possible quality.
- Ensuring product safety.
- Protecting the environment.
- Observing the letter and spirit of all laws that pertain to the nonprofit's external activities.

The nonprofit organization's internal responsibilities include:

- Ensuring worker health and safety, and providing a workplace that is free from harassment or discrimination.

- Ensuring fairness and equal opportunity in all human resource activities: hiring, firing, and promotion.
- Nurturing moral common sense within the institution: Prevent harm to others; respect the rights of others; do not lie or cheat—be honest and fair; keep promises and contracts; help those in need; encourage others to live this way.
- Observing the letter and spirit of all laws that pertain to the nonprofit's internal activities.

Many people wonder why conversations about ethics get so sticky. If we are dealing with common beliefs and moral common sense, how can there be so many disagreements?

Ask a room full of resource development professionals whether there is a donor from whom their organization would not accept a \$1,000,000 contribution. Whose gift would your organization refuse? Respondents to this type of question generally split into three roughly equal camps. Some point to the good that the funds will accomplish. Others focus on the evil that may have generated the funds and the harm that the gift will do to the organization's reputation. Still others take a pragmatic approach and ask whether the gift must be acknowledged publicly through naming opportunities. Pragmatists also estimate whether the projected lost income from dissatisfied current and future supporters is less or more than the actual gift being contemplated. Clearly, there are no right or wrong answers.

Communication about ethical issues generally falls into three main areas:

1. *Descriptive ethics*—factual accounting of what actually is occurring.
2. *Metaethics*—abstract discussions concerning issues such as cultural differences, the pursuit of objectivity in ethics, the differences between scientific and religious ethical systems, and so on.
3. *Normative ethics*—ethical judgments concerning right and wrong, and attempts to describe “what ought to be.”

To facilitate communications about ethics and to clarify thinking, it is essential to understand the point of view of the speaker or writer. After all, statements can be read or heard from the standpoint of any of the three fields just listed.

Example: “The XYZ Charitable Institution considers it wrong to pay a finder's fee to a financial planner who brings forward a planned gift; the ABC Nonprofit Agency has been known to pay a finder's fee on several occasions.”

To one reader, the previous sentence simply states what is occurring. This is an example of descriptive ethics.

A second person reading it might conclude that different organizations have different standards. Therefore, there is no absolute right or wrong. Practice and

custom may be viewed as the guiding principles. Others might disagree. This is an example of a discussion dealing with metaethics.

A third person reading it might say, “The XYZ Charitable Institution has adopted a high ethical standard. The ABC Nonprofit Agency is wrong when it pays a finder’s fee.” This example deals with normative ethics.

Codes of ethical standards are normative statements—judgments of right and wrong. An examination of ethical standards (see Exhibit 3.12) developed by various nonprofit sector institutions such as the National Committee on Planned Giving (NCPG), Association of Fundraising Professionals (AFP), Council for Advancement and Support of Education (CASE), National Association of Independent Schools (NAIS), and others shows that they tend to rely on moral common sense and a point of view that individual rights guide our ethical standards—especially the rights of the donor!

### EXHIBIT 3.12 COMPARATIVE ETHICAL STANDARDS

<b>Ethical Principles</b>	<b>Included In</b>
Obey letter and spirit of laws and regulations.	AFP, CASE, NAIS, NCPG
Truthfulness, fairness, free inquiry.	AFP, CASE, DBR, NCPG
Compensation: appropriate and disclosed; no percentage fundraising or finder's fees.	AFP, NAIS, NCPG
Confidentiality and privacy.	AFP, CASE, DBR, NAIS
Avoid conflicts of interest.	AFP, CASE, NCPG
Use funds as designated by donor; disclose use of funds.	AFP, DBR, NAIS
Accurately describe organization and mission.	AFP, CASE, DBR
Disclose professional experience and qualifications.	AFP, NCPG
Inform donors about tax implications of gift.	AFP, NCPG
Encourage consultation with independent advisors.	NAIS, NCPG
Respect for cultural diversity and pluralistic values.	AFP, CASE
Uphold professional reputation of other advancement officers, credit for ideas, words, and images.	CASE
Receive acknowledgment and recognition.	DBR
Primacy of philanthropic motive.	NCPG
Gift made "not in lieu of tuition or other charges."	NAIS
Affirm through personal giving a commitment to philanthropy.	AFP

#### Key

AFP: Association of Fundraising Professionals Code of Ethical Standards

CASE: Council for Advancement and Support of Education Statement of Ethics

DBR: Donor Bill of Rights (Developed by AFP, Association of Healthcare Philanthropy, CASE and Giving Institute)

NAIS: National Association of Independent Schools Principles of Good Practice - Fund Raising

NCPG: National Committee on Planned Giving - Model Standards of Practice for the Charitable Gift Planner

## EVALUATION

Chapter 16 contains comprehensive self-evaluation tools, forms, and questionnaires. It may be helpful now, however, to place the big picture in focus.

The philosophy of this book is to encourage resource development professionals to monitor a broad range of key success factors. The aim is to continually make improvements in as many of these areas as possible. By monitoring and increasing the number of donors contributing each year, the percentage of board members who contribute each year, the number of donors contributing at each gift level each year, and the number of people personally contacted each year, an organization's contributed income will continue to grow over time.

One cannot observe a system without changing the system. This is as true in fundraising as it is in physics.

Monitoring trends and making improvements to your fundraising systems and strategies are central themes of this book. With this focus, readers also need a clear view of their organization's most important resource development objectives: to maximize net contributed income and to diversify sources of funding.

Nonprofit institutions need cash with which to carry on their programs. For this reason, the most important figure to monitor is *net contributed income*. To ensure sustainable cash flow, nonprofit organizations must also monitor the number of contributors and sources of funding. Two million dollars a year in contributed income may be adequate for many organizations. But if those funds come from only one or two sources, the organization's very existence may be in danger. For this reason, nonprofit organizations must not become overly dependent on too few major donors or funding sources. Achieving balance in terms of sources of funding is an essential task of the fundraising professional.

By implementing the recommendations in the chapters ahead, fundraisers can help their organizations achieve their two main resource development objectives—raising more net income and developing a larger base of donors.

# The Case for Support and Fundraising Materials

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*All work is empty save when there is love.*

—KAHLIL GIBRAN, *THE PROPHET*

## THE CASE STATEMENT

The first task of fundraising is to understand the rationale for the appeal. Fundraising professionals call this rationale the *case for support* or the *case statement*. It might be more helpful to think in terms of scripts—a body of language that tells any prospective supporter what is unique about this nonprofit organization, how the funds will be used, and who will benefit from the programs and services.

A nonprofit organization's case statement answers the questions, "How does this agency help people?" "Whom do we help?" "What vital services do we offer?" "What is our agency's track record?" "What are the organization's plans for the future?" "Why does this agency merit support?"

From the donor's perspective, institutions do not have needs—people do. Too often, nonprofit appeals are based on statements such as "As the winter months approach, our organization is facing a mounting deficit. We need your support to keep our doors open . . ."

Such appeals say little or nothing to the donor.

Imagine Apple running an advertising campaign that sounds like this: "Our last two quarters were the worst in our company's history. Please buy our product to help our cash flow as we enter the critical months ahead." Would anyone purchase a phone—or any product—based on such an appeal? Of course not; and yet many nonprofits continue to state their needs from this internal perspective. Mounting deficits might loom large in the thought processes of people with key roles in their agency. Still, to the donor, what matters most is how the agency helps people in need.

By way of example, the case for support for a homeless shelter might be, “The winter months are harsh for people like John—a homeless person traumatized by circumstances too horrible to even imagine. At XYZ Homeless Shelter, we address the root causes of homelessness and restore broken lives. Your contribution will help us get people like John back into the workforce with a fresh foundation and a home of their own.”

Case statements expressed from the donor’s point of view are vital to the fundraising process. Such case statements are essential to major gifts programs, grantsmanship, planned-giving programs, capital/endowment campaigns, and strong annual programs.

## **THE COMPREHENSIVE FORMAL CASE STATEMENT**

The comprehensive formal case statement is a written document that states the major reasons for supporting a nonprofit organization. It forms the basis for all other communications. This most important document provides the following information:

- The organization’s history
  - Founded when and by whom
  - Major accomplishments of the organization
  - Milestones in the organization’s history
- Whom does the organization serve?
  - Demographic information: age, ethnicity, gender, geographic area, socioeconomic background, religious affiliation.
  - Description of a real person or situation (e.g., animal rescue or forest restoration) that benefits from the organization—sharing testimonial or anecdotal true-life experiences.
  - What challenges do the people served face or the situations addressed tackle?
  - What pressing problems does the organization address?
- How does the organization address these challenges?
  - What programs does the organization offer?
  - What services are provided for people in need?
  - What sets the organization’s response apart from other organizations with similar-sounding missions?

- What is the organization’s reputation for managerial and business acumen?
  - What evidence can be offered pertaining to the organization’s stability—for example, leadership longevity, or board member tenure?
  - What evidence can be offered pertaining to fiscal responsibility—for example, years of deficit-free operations?
- How is the planning process described?
  - Who participated in the planning process? (This is especially helpful when well-known community leaders played a key role in your organization’s strategic planning.)
  - How broad based was the process?
  - How thorough was the planning process?
- What are the goals for the future? (This is the most important section of the case for support.)
  - What are the program, financial, facility, technology, administrative and governance, and human resource and diversity goals?
  - How will these goals improve the lives of those in need or the outcome of the situations being addressed?
- How will the donor’s investment be used?
  - Why is the fundraising campaign being conducted?
  - What are the organization’s key budget items?
  - How do these expenditures relate to the organization’s mission and services to people in need?
- How will the donor’s involvement be acknowledged?
  - Description of tangible recognition, benefits, or both.
  - Description of the intangible benefit the donor receives by this philanthropic investment.
  - Description of naming opportunities, if any.

Development planners who answer all of these questions will have created a comprehensive formal case for support. Some bureaucrats and a few foundation officers appear to be impressed by weightiness. They seem to “fund by the pound.” Most people, however, dislike wordiness. They prefer to read summaries—if they read at all. Many grantors are only accepting proposals online, and each section has a strict limit to the maximum number of characters allowed in a response. Being complete yet concise in developing your case can facilitate future fundraising efforts.

Going through the process of writing the formal case for support is most helpful. It clarifies the organization’s thinking. It gets everyone rowing in the same direction. A well-prepared case statement gives fundraisers ready answers to questions

posed on grant applications. It provides key staff members and volunteers with useful language. The case statement contains important phrases and themes that are included in the organization's phone and mail campaigns.

Once the comprehensive case statement has been written, edit it. Reduce it to four to six readable pages of the best and most compelling language. This new version—when personalized—can become the basic presentation tool for major gift solicitations.

## **THE CASE STATEMENT PROCESS**

The process by which the case statement is arrived at, like the process by which the organization's strategic long-range plan is created, is of paramount importance. Board members and community leaders are most likely to support a plan they helped create.

It is not recommended that the case statement be written by a committee. On the contrary, it is strongly recommended that it be written by one writer—but with lots of input from key leaders.

The process for writing a case statement involves a number of steps. First, interview several key leaders of the organization. Next, gather and review the organization's written promotional and planning materials. The organization's strategic long-range plan must be clearly understood. Examining promotional materials and case statements from similar organizations also may be helpful.

Now, synthesize the material. Answer the questions in the preceding outline. Develop new language. Then prepare and circulate a draft case for support. Listen to the feedback. Afterward, revise the case and present it to the appropriate committees for review, revision, and final approval.

Every organization has only one opportunity to make a first impression. By developing a thoughtful case for support, fundraisers can ensure that donors and potential supporters receive clearly written materials. In most cases, not much money needs to be spent on the presentation package. A highly readable case statement that is visually attractive and includes a few compelling photos can be produced in word processing software and is sufficient in most cases. The expensive brochures and booklets can be saved for the end phases of a capital campaign—if they are used at all.

The point here is that the case for support must be well written, be motivational, and even be poetic. Statistics and logic may be helpful. However, emotion and passion lead to commitment. Until the donor believes in your organization's mission, the written case statement has no value. A conversion process must take place. The case for support must become part of the donor's belief system. Supporters give freely of their time, talent, and treasure when they understand and embrace a cause.

## MARKET- AND SITUATION-SPECIFIC CASE STATEMENTS

Once the comprehensive formal case for support is written, presentation materials can be tailored to specific markets. Elements of the case that resonate with specific donors and prospective donors should be highlighted.

For example, when approaching corporate leaders, development professionals may wish to stress the economic benefits brought about by the organization's programs. If the organization is a university approaching an engineer, programs that benefit the school of engineering might be highlighted. A healthcare provider approaching the mother of a child who is deaf or hard of hearing may focus on the institution's services for people with these challenges.

Customization is not limited to these examples. A religious order establishing a spiritual center in the Southwest might stress the critical shortage of clergy in the area served. However, when approaching supporters from other parts of the country, the materials might take on a broader focus: historical links, geographic ties, or the relationship of spirituality to the nation's social fabric.

## PRESENTATIONS AND PRESENTATION MATERIALS

Once developed, an organization's case statement can exist in many formats. We now look at some.

### Printed Materials

*Personalized formal case statements* are comprehensive formal cases for support with personalized cover sheets prepared for each prospective donor. The attractive cover sheets might have the organization's name, the campaign slogan or campaign name, and a phrase such as "Information Prepared for John and Margaret James."

*Brochures* are helpful. Their small size makes them convenient for volunteers to keep on hand. They can fit easily inside envelopes and make convenient enclosures for mailings. Their brevity makes them useful for the vast majority of people who do not take the time to read lengthier documents.

Every nonprofit organization will find it useful to produce a general-purpose brochure that briefly states the case for support. The brochure might contain a response device for contributions and volunteer commitments. It is critical not to cram the entire case onto a brochure that is an 8½" × 11" sheet of paper; your brochure needs to use a large enough font size to be readable, so reducing the case to a more succinct summary may be necessary for this brochure.

Unfortunately, many nonprofit organizations produce expensive brochures but fail to develop the more effective and less costly case for support. Most prospective major donors are more motivated by the *personalized* materials than by expensive generic printed materials. While attractive printed materials, such as brochures, are important, they should not be relied on for major gift solicitations. Enclose the brochure and other promotional materials in a presentation folder along with a personalized case for support. There is something about human nature that makes prospective donors feel important when they see their name printed in larger letters than the organization's name.

*One- or two-page summary versions of the case for support* are easy to absorb and come in handy in many situations. Containing all the main points, these background or fact sheets are helpful for volunteer orientations. They are great for briefing telephone solicitors. Prospective supporters find them easy to understand.

Sometimes the short version is written in paragraph form. If this format is used, keep the paragraphs short and punchy. The sheet also should include a call for action and end with a clear statement of how the funds are to be used.

At other times, the case statement is presented as a *fact sheet*. These usually are printed on a letterhead with the word "facts" in large type at the top of the page. Below the heading are a series of bullets that make up the case for support.

A nonprofit may also want to create a summary graphic that presents its case to appeal to volunteers, prospects, and donors who are more visual.

## DVDs

DVD case statements are powerful fundraising tools. They have the ability to engage prospective donors in the cause. Indeed, no other presentation strategy has the ability to bring about the conversion process as quickly. Upon viewing a well-produced video case statement, many prospective donors readily embrace the organization.

Before producing a video case statement, write your case for support. Some language from the case for support may be used as part of the narration for the video case statement. Often the main themes used in the written material can be presented as attractive visual images in the video case statement.

The steps for producing the video case statement are as follows:

1. Decide on the communication goals for the video case statement.
2. Decide on the audience for the video case statement.
3. Determine the length—usually six to nine minutes is sufficient, though a shorter video is ideal for posting online and maximizing viewership.
4. Determine a few key messages.

5. Describe possible images or interviews that might correspond to each key message.
6. Outline a sample script, run sheet, or both (see Exhibit 4.1).
7. Determine the budget. While you can produce this in-house rather inexpensively using a mobile device, you may want a more professional product and can seek to engage a videographer from a local TV station, a university communications department, or other source to donate all or part of the work.
8. Allow the videographer and copywriter great flexibility in shaping the video case statement. They know their business best. However, work closely with them to ensure that the main points of the case for support come through clearly and powerfully.

#### EXHIBIT 4.1 NOTES FOR DVD CASE STATEMENT

##### XYZ Homeless Shelter

###### Preliminary Notes for DVD Case Statement

###### *Goals of the DVD:*

- Indicate to the donor public why the XYZ Homeless Shelter deserves their financial support.
- Create an emotional bond with major donors.
- Let prospective donors understand the need for the Homeless Shelter's capital campaign.
- Tell prospective donors how the capital project will help the shelter address long-term solutions to homelessness.

###### *Audience:*

- Affluent individuals
- Corporate and foundation leaders
- Church leaders: pastors and mission committees

###### *Maximum Length:*

Seven minutes, with an additional two-minute summary video

###### *Key Messages:*

Homeless people have needs—like you and me.

###### *Potential Images and Interviews:*

- Food line—80,000 meals served out of a small kitchen.
- Sleeping facilities.
- Medical room.
- Clothing room—show how small it is.

Education is needed. Our goal is to help the people who come to us resolve the root causes of their homelessness. We strive to establish each person in a permanent job.

(Continued)

**EXHIBIT 4.1 (CONTINUED)***Potential Images and Interviews:*

- Learning center.
- Interview one of the men using a computer.

A spiritual component is also needed.

*Potential Images and Interviews:*

- Service—show face of someone in a chapel service.
- Interview the director of the XYZ Homeless Shelter’s education program.

Day services and facilities are needed.

*Potential Images and Interviews:*

- Show executive director walking around new building.
- Executive director or board president—show crowded current facilities.
- Show blueprints and architectural drawings.
- State what day services will be offered.
- Show line outside—state how the reception area in the renovated building will help the neighborhood and help the men get into the warm building sooner.

Request for support.

*Potential Images and Interviews:*

- Any relevant uplifting finale.
- Board president: “Your contribution constitutes an investment—an investment in the XYZ Homeless Shelter’s ability to serve those most in need. In each lifetime, few opportunities present themselves where we can truly make a significant difference in the lives of others. Now is one of those times. Your investment today can help restore broken lives—now and for generations to come.”

**Sample Script Outline**

<b>Length</b>	<b>Scene</b>
20 seconds	Titles/music opening; scenes of homelessness, lines forming outside, street people, and so on.
40 seconds	Scenes of homelessness continue as narrator begins: “The homeless have the same needs you and I do . . . .” State the problem: “We know the enormity of the problem.”
2 minutes	Scenes of shelter services: food, clothing, sleeping facilities. Show current programs; stress the tight space. More is needed: education (interview concerning the Learning Center); day support services and a strong spiritual grounding.
2 minutes	Capital project explained: blueprints, walk around building (selected shots).
1 minute	Expanded services needed: Stress spiritual component and expanded hope; mention new chapel.
30 seconds– 1 minute	Appeal for support: “Your gift and support is an investment . . .” followed by uplifting and/or celestial closing shot.

**EXHIBIT 4.1 (CONTINUED)***Notes to the DVD Producer*

- DVD case statements work well when the producer/director is given broad leeway to create an artistic work.
- One narrator works well. However, some interviews or testimonials may be useful.
- “Talking heads” tend to become boring if the segment is too long. It is far better to state the message with pictures and dramatic shots. Example: A scene with a homeless person learning to use a computer is more powerful than a person saying “We teach computer skills.”
- Go for emotion.
- Music used well is a must.

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Whenever an opportunity to view a DVD case for support arises, do so. The more videos watched, the more ideas will be available for your organization’s case statement.

If video case statements seem too expensive and too time consuming, consider the following story.

A development officer was working for the homeless shelter that produced a video very much like the one just described. She called six times to meet with a potential supporter. Six times the supporter failed to return her call. The development officer then called a seventh time—with a difference. This time she told the prospect’s secretary a bit about the homeless shelter, mentioned that the prospect had been supportive in the past, and promised that the meeting would not take more than 15 minutes. The prospective supporter called back and made the appointment.

When the visit took place, the development officer and the board president arrived with a video case for support. In this situation, the development officer and board president used the brief meeting to introduce themselves and summarize the case for support, and left the video case statement.

The next morning the supporter called and made a \$75,000 pledge.

Considering that the prospect manifested great resistance to the solicitation process, as evidenced by his reluctance to return phone calls, a remarkable conversion must have taken place. In all probability, such a dramatic turnaround was due to the power of the video case for support.

### **Group Presentation Techniques**

Group presentations make it possible to present the case for support to gatherings of potential supporters. Briefings, slide shows, overheads, flipcharts, computer-generated presentations, participation routines, group discussions,

structured note taking, demonstrations, and role-playing are all valuable group techniques.

As always, begin by organizing the material. The written case for support contains all the main points. The key to success in any verbal presentation is to prune the material. Keep it short. Don't go over the predetermined time limit. Remember the cardinal rule: "Thou shalt not bore thine audience."

Entire books and websites are written on presentation techniques. Read several. Find ideas that work. Here are a few points to consider:

- Start with a strong introduction.
- The presentation style should sound warm and natural.
- When possible, use a variety of presentation techniques to keep the group involved.
- Humor helps—but only when the humor is appropriate and supportive of the main messages.
- When using a computer slide presentation, keep the text simple and readable—mostly 24-point type and larger.
- Remain focused on a few main points.
- Edit your material. Every little point cannot—and should not—be covered.
- Conclude with a motivational ending.

## Managing Information

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*To err is human, but to really foul things up requires a computer.*

—ANONYMOUS

**M**any nonprofits have reaped great benefits from their dedicated fundraising software. Some have purchased a powerful software package but have yet to unleash its power. Others have purchased software that simply does not work well. Still others have yet to invest in fundraising software, getting by with a spreadsheet or simple proprietary database.

Unless a group is a very small grassroots organization, it is foolish to enter into a fundraising effort without dedicated fundraising software. A sophisticated information system with managerial buy-in is central to the success of any resource development program. And with higher-powered computers at a lower cost and more options for affordable software, even the smallest organizations should computerize their fundraising efforts.

All can gain by better understanding the power of a properly functioning information system. Too often, development personnel view the information system as little more than a glorified mail list. They simply have not thought through the strategic uses of the fundraising information system.

In reality, the system should help development professionals identify, cultivate, and solicit current and prospective donors. The system should support and simplify many fundraising strategies. It should provide valuable scorekeeping, attention-directing, and problem-solving reports.

Dedicated fundraising software facilitates the development function in five ways:

1. Record keeping
2. Direct support of fundraising strategies
3. Acknowledgments
4. Reports
5. Targeted communications

## RECORD KEEPING

Accurate and complete records are at the heart of any successful development program. A well-designed software package will permit users to easily record and retrieve the following information: names, addresses, email addresses, and phone numbers of current, past, and prospective donors; a history of every donation, indicating the amount of the contribution, the solicitation method, and any gift restrictions; the form of the contribution (cash, stock, in-kind, or other); a history of pledges and pledge payments; comments vital information concerning the prospective donor; volunteer solicitor assignments; deadlines and contact dates; memorial and honorary giving; and any other helpful information that gives insight into the prospect's interests and relationship to the organization.

## SUPPORTING FUNDRAISING STRATEGIES

Dedicated fundraising software directly supports resource development efforts in a number of ways. Today's consumers expect direct mail and email campaigns to be personalized to their interests and actions, and this would be impossible without data manipulation capabilities and powerful databases.

But stop and think a minute about all the other ways software can help raise more money. Here are some examples:

- Fundraising software helps users track who was invited and who came to each cultivation activity. The software also allows you to track volunteer solicitor assignments. This information is crucial to major gift and personal solicitation programs.
- Fundraising software allows users to print phone-a-thon forms complete with donor history and other information useful to the caller.
- A flexible software program will allow users to support special events by selecting the best prospects, accounting for ticket sales, and even tracking seating assignments.
- Software can help track important grant deadlines and other information vital to the grantsmanship program.
- Nonprofits with membership drives use their software to track membership categories and renewal information. As important, the software simplifies the entire renewal and upgrading process.
- Annual and capital campaigns are strengthened when lists are segmented. The aim is to match the approach and message to each constituency. For example, the broad base of modest givers may be approached through mail and phone; potential pacesetter donors could be approached through a

personal solicitation program. Similarly, the message can be tailored to each group.

- As mentioned, dedicated fundraising software is at the heart of any sophisticated mail or email direct response program. Data-merge capabilities, segmentation, personalization, testing, tracking, and analysis are needed to refine and improve the direct mail fundraising program.

## **ACKNOWLEDGMENTS**

The data-merge capabilities of a flexible software program make it possible to automate and highly personalize acknowledgments.

Some development professionals are reluctant to automate the acknowledgment process. They fear that the thank-you letters will sound too institutional or general. Of course, as the volume of gifts received increases, it becomes more difficult to write individual notes to all contributors. So, what can be done?

The answer is to compose a series of thank-you letters. Some examples include: the thank-you letter to modest donors; the “Thank you for your very generous contribution of \$\_” letter to donors of \$1,000 or more; the “Your contribution combined with your service as a member of our board represents a unique level of commitment” letter to board contributors; the “Thanks for your generous pledge” letter; the in-kind gift thank-you letter; the sponsorship thank-you letter; the letter written to donors who contributed to a special project appeal or contributed at an event; and a host of other highly personalized letters in response to the organization’s unique circumstances.

Various offices handle this automated personalization differently. Some have a development officer assign a thank-you code to each major gift received. The data enterer or person responsible for acknowledgments then uses the dedicated fundraising software and word processing software to ensure that each contributor receives the appropriate letter. Others have thank-you codes preassigned to various events and activities; these codes automatically assign the appropriate thank-you letter. Frequently, the reply mechanism for any mail that is sent out includes a code or has a scannable bar code that automatically generates the correct thank-you letter.

If the volume of gifts received is not too daunting, the thank-you letters should be hand-signed and perhaps further personalized with a note handwritten at the bottom of the letter. Even if your volume is significant, a best practice is to include a personalized note on any larger donations, and as much as possible on acknowledgments of first-time donations to help deepen the donor’s relationship with the organization.

At any rate, the system should allow a thank-you letter to be sent within 48 hours of receiving the contribution. No thank-you letter should languish on anyone's desk because that will quickly erode confidence of your supporters and can lead to donor attrition. Dedicated fundraising software is integral to a system that ensures the personalization and timeliness of every thank-you letter.

## **REPORTS**

Dedicated fundraising software comes with many standard reports. The best programs also make it easy for development staff to create their own reports. Fundraising reports can be grouped in three main categories: scorekeeping, attention directing, and problem solving. As many reports serve more than one purpose, these distinctions are not always clear. But all these reports can support your fundraising strategies.

### **Scorekeeping Reports**

Scorekeeping reports tell how much has been donated. These reports also let users count the number of donors who support the organization.

Scorekeeping reports (see Exhibit 5.1) can be generated for any time period. Most development professionals like to track fiscal year-to-date contributions. The reports also can be subdivided in a number of ways. For example, scorekeeping reports indicate how many individuals, businesses, foundations, government agencies, churches, and associations have supported the institution, as well as how much was contributed by each of these types of donors. Scorekeeping reports can show how many donors increased their donations and how much more they contributed. They also track how many donors contributed more than once each year and the total number of gifts received. In addition, scorekeeping reports enable users to track renewal rates to determine whether efforts to upgrade donors are successful and to indicate how many new donors are attracted each year and how much they donate.

These scorekeeping reports should be generated, reviewed, and filed on a regular and timely basis.

### **Attention-Directing Reports**

Attention-directing reports help users focus on opportunities. For example, a report can reveal the prime prospects who have yet to be assigned a volunteer solicitor. (For this to work, development staff and key volunteers identify prime prospects. A computer code is then entered into the prospect's record, indicating

**EXHIBIT 5.1 INCOME ANALYSIS XYZ NONPROFIT ORGANIZATION**

**Revenue between: Feb 1 2016 and Jun 30 2016**

<b>Fund ID</b>	<b>Fund Name</b>	<b>Fund Description</b>	<b>Donor Count</b>	<b>\$ Resp.</b>	<b>Non \$ Resp.</b>	<b>Fund Count</b>	<b>Avg. Gift</b>	<b>Total</b>
1	Wilkerson Banquet	2016 Dinner	13	15	1	16	\$1,440.63	\$23,050.00
1234-77	Conservation Fund	Conservation Project	5	5	0	5	\$220.00	\$1,100.00
12345-7777	Nonrestricted General	General Donation	48	13	49	62	\$31.45	\$1,950.00
5	General	General Donation	1,887	64	1,875	1,942	\$9.50	\$18,454.00
EVENT	Event	Event	6	41	0	41	\$15.00	\$615.00
GIK	Gift in Kind Fund	Gift in Kind Fund	2	2	0	2	\$2,250.00	\$4,500.00
Missions	Missions Fund	Mission	4	4	0	4	\$875.00	\$3,500.00
Stock	Stock gift	Stock	1	1	0	1	\$1,500.00	\$1,500.00
<b>Total:</b>			<b>1,968</b>	<b>145</b>	<b>1,927</b>	<b>2,075</b>	<b>\$26.35</b>	<b>\$54,669.00</b>

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that he or she has the capability to make a major gift. Later, when volunteer solicitors assume responsibility for making the visit, these volunteer assignments also are entered into the system. After these steps have been taken, it is a simple matter to generate a report showing which prime prospects do not have a solicitor.)

Other examples include cash-flow projection reports (see Exhibit 5.2), revenue reports by a major gift officer that compare actual income to projected income from major donors (see Exhibit 5.3), and follow-up date reports that focus attention on key deadlines and contact dates (see Exhibit 5.4).

### **Problem-Solving Reports**

Problem-solving reports help the development staff make better decisions. Every fundraising manager should regularly review a report that provides a solicitation analysis of fundraising methods. (See Exhibit 5.5.) Such a report indicates the amount spent on each component of the fundraising program—mailings, email campaigns, special events, phone campaigns, and other strategies. The report also shows the total funds raised by each method, the corresponding response rate, and other statistics. This information is crucial to the evaluation of the fundraising program. Such analysis encourages development staff to eliminate low-payoff activities or find ways to make them more cost-effective, and put more of their focus on high-payoff endeavors.

## **TARGETED COMMUNICATIONS**

Most nonprofits have the ability to generate personalized letters. However, this is most powerful when you integrate thoughtful marketing practices into your development programs.

Sophisticated software allows the segmentation of lists in a seemingly infinite variety of ways. Rather than limiting fundraising programs to mass-mail campaigns, more personal contact can focus on projects the donor has shown an interest in and a greater number of highly personalized communications can be encouraged. For example, gracious follow-up letters can be written to the 20 or 30 people who came to recent cultivation activities. Letters can be sent to people when their last gift was a year ago, encouraging them to renew their support. Emails or letters can congratulate donors on milestones in their giving—either based on longevity of support or the cumulative total they have donated. Personalized letters can be written to civic leaders to begin to establish a relationship with them. Alternatively, you might consider helping a board member send personalized fundraising letters to the 25 or so friends and

**EXHIBIT 5.2 CASH-FLOW PROJECTION REPORT**

**Appeal Performance Analysis**

<b>Appeal ID/Name:</b>	<b>CMG16</b>	<b>Date:</b>	<b>12/15/16</b>
Quantity Mailed:	5,338	Total Cost:	\$5,284.62
Gift Responses:	281	Ack. Costs:	\$219.18
Percent of Response:	5.26%	Shipment Costs:	\$0.00
Non Gift Responses:	2	Handling Costs:	\$0.00
Total Response:	283	Tax Costs:	\$0.00
Date Mailed:	06/10/2016	Fulfillment Costs:	\$27.00
First Response Date:	06/29/2016	Total With Ack. and Fulfillment Costs:	\$5,530.80
Last Date Posted:	12/06/2016		
Date Appeal Closed:			
		Revenue:	\$27,956.25
		Average Gift:	\$98.79
		Average Gift (of Gift Resp):	\$99.49
		Profit/Loss:	\$22,671.63
		P/L (inc. Ack and Ful Costs):	\$22,425.45
		GPPM:	\$5.24
		NPPM:	\$80.68
		CPPM:	\$0.99

**Package Summary:**

<b>Package Description</b>	<b>Quantity Mailed</b>	<b>Gift Responses</b>	<b>% of Responses</b>	<b>Revenue</b>	<b>Total Cost</b>	<b>Profit/Loss</b>
Silver Trim Letter	4,315	157	55.87%	\$0.00	\$258.80	-\$258.80
Gold Trim Letter	1,023	124	44.13%	\$0.00	\$263.20	-\$263.20

**Monthly Giving Summary:**

<b>Month</b>	<b>Gifts</b>	<b>% of Total Gifts</b>	<b>Revenue</b>	<b>% of Total Revenue</b>	<b>Avg Gift</b>	<b>Total Responses</b>
Jun 2016	12	4%	\$2,158.00	0.00%	\$179.83	12
Jul 2016	116	41%	\$13,147.25	0.00%	\$113.34	128
Aug 2016	54	19%	\$4,813.00	12.77%	\$89.13	182
Sep 2016	35	12%	\$2,751.50	0.00%	\$78.61	217
Oct 2016	19	7%	\$2,089.00	0.00%	\$109.95	236

**EXHIBIT 5.2 (CONTINUED)**

Nov 2016	14	5%	\$1,368.00	0.00%	\$97.71	250
Dec 2016	31	11%	\$1,629.50	0.00%	\$52.56	281
Jan 2017	0	0%	\$0.00	0.00%	\$0.00	281
Feb 2017	0	0%	\$0.00	0.00%	\$0.00	281
Mar 2017	0	0%	\$0.00	0.00%	\$0.00	281
Apr 2017	0	0%	\$0.00	0.00%	\$0.00	281
May 2017	0	0%	\$0.00	0.00%	\$0.00	281

**Dollar Range Summary:**

Dollar Range	Gifts	% of Total Gifts	Revenue
Negative Transactions	0	0%	\$0.00
\$0.01-\$9.99	2	1%	\$16.00
\$10.00-\$14.99	7	2%	\$71.75
\$15.00-\$19.99	29	10%	\$449.50
\$20.00-\$24.99	24	9%	\$516.00
\$25.00-\$34.99	21	7%	\$645.75
\$35.00-\$49.99	36	13%	\$1,355.76
\$50.00-\$74.99	37	13%	\$1,896.25
\$75.00-\$99.99	44	16%	\$3,344.00
\$100.00-\$249.99	36	13%	\$3,636.00
\$250.00-\$499.99	28	10%	\$7,009.24
\$500.00-\$999.99	16	6%	\$8,016.00
\$1000.00 +	1	0%	\$1,000.00

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**EXHIBIT 5.3 MAJOR GIFT OFFICER REVENUE GOAL**

**Carlos Guerrero**

<b>MGO: Description</b>	<b>Total Revenue</b>	<b>Goal</b>	<b>Difference</b>	<b>% of Difference</b>	<b>Cumulative Revenue</b>	<b>Cumulative Budget</b>	<b>Cumulative Difference</b>	<b>Cumulative % Difference</b>
MGO Total:	\$136,500.00	\$130,000.00	\$6,500.00	5.00%				
2016-01	\$12,000.00	\$14,000.00	-\$2,000.00	0.00%	\$12,000.00	\$14,000.00	-\$2,000.00	-14%
2016-02	\$10,000.00	\$10,000.00	\$0.00	166.67%	\$22,000.00	\$24,000.00	-\$2,000.00	-8%
2016-03	\$11,000.00	\$12,000.00	-\$1,000.00	0.00%	\$33,000.00	\$36,000.00	-\$3,000.00	-8%
2016-04	\$7,000.00	\$7,000.00	\$0.00	5000.00%	\$40,000.00	\$43,000.00	-\$3,000.00	-7%
2016-05	\$6,000.00	\$5,000.00	\$1,000.00	435.00%	\$46,000.00	\$48,000.00	-\$2,000.00	-4%
2016-06	\$8,000.00	\$6,000.00	\$2,000.00	0.00%	\$54,000.00	\$54,000.00	\$0.00	0%
2016-07	\$7,500.00	\$8,000.00	-\$500.00	9.00%	\$61,500.00	\$62,000.00	-\$500.00	-1%
2016-08	\$5,000.00	\$5,000.00	\$0.00	124.00%	\$66,500.00	\$67,000.00	-\$500.00	-1%
2016-09	\$10,000.00	\$10,000.00	\$0.00	0.00%	\$76,500.00	\$77,000.00	-\$500.00	-1%
2016-10	\$14,000.00	\$15,000.00	-\$1,000.00	0.00%	\$90,500.00	\$92,000.00	-\$1,500.00	-2%
2016-11	\$21,000.00	\$18,000.00	\$3,000.00	0.00%	\$111,500.00	\$110,000.00	\$1,500.00	1%
2016-12	\$25,000.00	\$20,000.00	\$5,000.00	0.00%	\$136,500.00	\$130,000.00	\$6,500.00	5%

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**EXHIBIT 5.4 CONTACT MANAGEMENT REPORT**

**Details of Partners Participating in Pledge Program**

Pledge CMG Pledge Program—CMG  
 Pledge Period: 1x per Month

Partner ID Full Name	Active Status	Date Pledged Start Date	Pledge Type	Payment Method	Pledge Value Installments	Total Rcvd	Lifetime Value (Non- Open Ended)	Annual Open Ended Value	----- Anticipated Values -----		
									1/1/2017 12/31/2017	1/1/2018 12/31/2018	1/1/2019 12/31/2019
356400 Carl Davis	Active	05/01/16	OpenEnded	CreditCard	\$ 50.00	\$350.00	\$0.00	\$600.00	\$600.00	\$600.00	\$600.00
273619 Benny & Maria Padilla	Active	09/15/16	OpenEnded	EFT	\$ 40.00	\$160.00	\$0.00	\$480.00	\$480.00	\$480.00	\$480.00
362412 Arlene Quigley	Active	10/02/16	OpenEnded	EFT	\$ 50.00	\$150.00	\$0.00	\$600.00	\$600.00	\$600.00	\$600.00
128398 David Palinski	Active	09/17/16	OpenEnded	CreditCard	\$ 25.00	\$100.00	\$0.00	\$300.00	\$300.00	\$300.00	\$300.00
102548 Jon Baxter	Active	04/20/16	OpenEnded	EFT	\$ 15.00	\$0.00	\$0.00	\$180.00	\$180.00	\$180.00	\$180.00
270604 Han Jin and Sophie Nguyen	Active	09/15/16	OpenEnded	CreditCard	\$ 30.00	\$120.00	\$0.00	\$360.00	\$360.00	\$360.00	\$360.00
795489	Active	11/01/16	OpenEnded	CreditCard	\$ 40.00	\$80.00	\$0.00	\$480.00	\$480.00	\$480.00	\$480.00

Martin Kim 719319	Active	10/23/16	OpenEnded	EFT	\$ 50.00	\$150.00	\$0.00	\$600.00	\$600.00	\$600.00	\$600.00
Wes and Gina Payne 312583	Active	06/18/16	OpenEnded	EFT	\$ 10.00	\$70.00	\$0.00	\$120.00	\$120.00	\$120.00	\$120.00
Martin Liggett 503611	Active	07/31/16	OpenEnded	CreditCard	\$ 20.00	\$120.00	\$0.00	\$240.00	\$240.00	\$240.00	\$240.00
Suzanne Smith											
<b>Totals:</b>	<b>Pledge Period:</b>	<b>1x per Month</b>	<b>Partner Count</b>	<b>10</b>	<b>\$1,300.00</b>	<b>\$0.00</b>	<b>\$3,960.00</b>	<b>\$3,960.00</b>	<b>\$3,960.00</b>	<b>\$3,960.00</b>	<b>\$3,960.00</b>
<b>CMG Pledge Program—CMG</b>											

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**EXHIBIT 5.5 SOLICITATION ANALYSIS**

**Appeal Performance Analysis**  
Date Range: 01/01/16-01/01/17

Appeal ID	Appeal Name	Mail Date	Qty Mailed	# Donors	Total \$ Donated	Total Cost	Profit/(Loss)	%Resp Donors	Avg. Gift	Cost Per Piece	Gross/Letter	Net/Letter	ROI
0116DM	Annual Renewal	1/10/16	11,426	1,013	\$81,500	\$11,197	\$70,303	8.87%	\$80.45	\$0.98	\$7.13	\$6.15	7.28
0216EA	Annual Renewal Follow-Up	2/4/16	6,451	512	\$36,125	\$5,612	\$30,513	7.94%	\$70.56	\$0.87	\$5.60	\$4.73	6.44
0416NL	Spring Newsletter	4/1/16	14,252	543	\$39,850	\$11,259	\$28,591	3.81%	\$73.39	\$0.79	\$2.80	\$2.01	3.54
0616EA	Summer eAppeal	6/2/16	6,721	102	\$5,760	\$1,000	\$4,760	1.52%	\$56.47	\$0.15	\$0.86	\$0.71	5.76
0916DM	Back-to-School Mailing	9/3/16	10,102	437	\$23,400	\$9,900	\$13,500	4.33%	\$53.55	\$0.98	\$2.32	\$1.34	2.36
0916DMFU	Back-to-School Follow-Up Mailing	9/24/16	5,764	136	\$5,700	\$5,130	\$570	2.36%	\$41.91	\$0.89	\$0.99	\$0.10	1.11
1016NL	Fall Newsletter	10/15/16	14,726	721	\$34,625	\$11,634	\$22,991	4.90%	\$48.02	\$0.79	\$2.35	\$1.56	2.98
1116DM	Year-End Appeal 1	11/10/16	11,527	325	\$42,535	\$11,296	\$31,239	2.82%	\$130.88	\$0.98	\$3.69	\$2.71	3.77
1116EA	Year-End eAppeal 1	11/21/16	7,029	215	\$14,500	\$1,000	\$13,500	3.06%	\$67.44	\$0.14	\$2.06	\$1.92	14.50
1116GTEA	Giving Tuesday eAppeal	11/29/16	7,346	118	\$6,200	\$1,000	\$5,200	1.61%	\$52.54	\$0.14	\$0.84	\$0.71	6.20
1216DM	Year-End Appeal 2	12/1/16	4,213	419	\$52,580	\$4,129	\$48,451	9.95%	\$125.49	\$0.98	\$12.48	\$11.50	12.74
1216EA	Year-End eAppeal 2	12/15/16	6,425	511	\$47,825	\$1,000	\$46,825	7.95%	\$93.59	\$0.16	\$7.44	\$7.29	47.83
1216EA2	Year-End eAppeal 3	12/29/16	7,031	421	\$30,215	\$1,000	\$29,215	5.99%	\$71.77	\$0.14	\$4.30	\$4.16	30.22
<b>Grand Total:</b>			<b>113,013</b>	<b>5,473</b>	<b>\$420,815</b>	<b>\$75,158</b>	<b>\$345,657</b>	<b>4.84%</b>	<b>\$76.89</b>	<b>\$0.67</b>	<b>\$3.72</b>	<b>\$3.06</b>	<b>5.60</b>

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professional contacts he does not have time to visit personally but who have potential to donate. Many experienced fundraising professionals and volunteers review “top donor” lists of supporters who gave during the same month last year. They use these lists and contact information to stay in personal touch with top donors and to renew their support. In summary, fundraising software offers endless possibilities for targeted communications.

## THE SYSTEM

Whether fundraising professionals are contemplating a software purchase or lease, or seeking to unleash the power of their current system, an examination of fundraising strategies is crucial to their success. A well-designed fundraising system can support and enhance a comprehensive approach to resource development.

Simply put, decide how you wish to raise funds, then obtain software and design your system to support the most cost-effective means of achieving your goals.

Perhaps it might be helpful to see where you are before you decide where you are going. Where do you fit in the categories below?

- Ad hoc record keeping (some combination of multiple mail lists in word processing programs, one or more separate database files or spreadsheets, handwritten notes, and the memory of staffers and key volunteers, etc.).
- Reliance on a general-purpose database program (frequently programmed by someone with little understanding of fundraising; frequently time consuming and requiring constant maintenance and programming to obtain the data needed for decision making).
- Purchase of dedicated fundraising software, but with little oversight or management buy-in. (The powerful tool has become little more than a mail list, especially if there is no managerial commitment to ongoing training in implementing the software.)
- In-house record keeping combined with contracted outside record-keeping services. (This model is used most often by those who rely heavily on a mail house service provider. When done well, the service provider is capable of providing valuable reports and analysis. However, this somewhat fragmented approach does not maximize the fundraising potential and may leave you without actionable data if you change service providers.)
- Purchase of dedicated fundraising software with managerial oversight and buy-in, and a budget for continual training and procedure documentation (the best of all worlds).

When a nonprofit organization purchases dedicated fundraising software and the development staff is trained and able to use the full powers of the system, the software then becomes a powerful tool that can help dramatically increase contributed income.

In summary, management buy-in is crucial to a strategic approach to information management. Development directors, senior staff, and key volunteers are reminded to “inspect what you expect.” Monitor the accuracy of data entry. Review the reports and make decisions based on the data they provide. Avoid duplicate accounts. Use the full power of the system.

### **ESTABLISHING THE INFORMATION SYSTEM**

It is helpful to think of an institution’s dedicated fundraising software as its main communication tool. Rather than using the system exclusively to track donor information, staff can enter names, addresses, phone numbers, email addresses, and other crucial information pertaining to prospects, volunteers, and other constituencies. Your goal is to avoid maintaining multiple mailing lists so all your important data are integrated in one system.

By keeping all donor and prospect information on one database, the development staff can communicate more easily with potential supporters. In fact, all communication becomes simpler. When staff members update information in a record, they will not have to search out the same name and make the identical update in numerous other databases, and you will not need to run multiple reports to get all the information you desire for decision making.

With the proliferation of computers on every desk and in many pockets or purses, many people within an organization have the ability to maintain their own data files. Therefore, it is critical for the organization to have policies and procedures to require that data are only to be entered into the master system, or that people maintaining separate files must regularly transfer their separate files into the master database. The complete donor database can be segmented, and volunteers or staff can receive access to any desired grouping for which they have authorization.

With these thoughts in mind, the first step in establishing or refining the record-keeping system is to identify all the sources of names and addresses available, keeping track of the sources of all names and lists. As these names are entered or transferred into the fundraising software system, source codes that identify each record’s relationship to the organization also are entered.

Next, decide whether the system needs enhancement using current fundraising software or by purchase of a new software package.

## New Database Purchase

Follow these steps when deciding which fundraising database software to purchase:

1. Determine what fundraising strategies are most likely to be employed. Remember that we recommend a comprehensive approach. Plan for future growth.
2. Ask: What information is tracked now? What information isn't tracked now but should be? What information will be tracked in the future?
3. Examine other development office reports. Decide which reports are needed to manage the fundraising program.
4. Summarize inputs and expected outputs.
5. Contact a number of leading fundraising database suppliers. Examine their demonstration versions and literature, and arrange to test drive an actual working version of the full software system.
6. When evaluating dedicated fundraising database programs, look for (a) service and support, (b) user-friendliness, (c) flexibility, (d) features, (e) standard and custom reports, (f) available documentation, (g) on-site and off-site training provided, and (h) price. (When examining price, also ask about annual support contracts, training, and other expenses. Calculate the cost to use the package over a five-year period.)
7. Review all selection criteria. Make your choice. Then allow adequate time for transitions, training, setup, data conversion to the new system, and testing. Keep in mind that setting up the new system will usually take significantly longer than anticipated. Also, you will want to have a period of redundancy where you operate both your old and your new system so you are certain the new system is bug-free before you eliminate the old system.

## Procedures, Entry, and Reporting

All organizations will find it helpful to have a certified public accountant (CPA) review their gift-handling and gift-processing procedures. Organizations should be made as embezzlement-proof and hack-proof as possible.

An effective fundraising information system is closely linked to the record-keeping function of the finance department. Typically, the donation data are regularly uploaded to the finance system, and regular and periodic reconciliation of contribution totals is standard.

Assigning a donation to a specific solicitor or activity is challenging, as donors might be receiving fundraising communication from the organization via numerous channels. Therefore, a thoughtful process for assigning gift credit and reporting fundraising totals must be implemented. As job performance is often evaluated based on the total amount raised, establishing a fair process to all concerned parties is essential.

Above all, the danger of double-counting pledges and gifts must be eliminated. Be sure that pledge payments reduce pledge balances, and don't allow the entering of a gift twice to give credit to multiple solicitors or solicitation activities.

Also, think through the special issues related to sponsorships and special events. The goal is to have each donor record complete with all giving history—regular gifts and sponsorships. The amount each special event raised also should be tracked. Without care, event income inadvertently can be double counted. Or the system could show the special event income but fail to have the sponsors' records complete with their regular giving and their sponsorship contributions. There is no one best way of handling this. But with thought, a record-keeping system that accomplishes both goals can be developed. Every organization is different. Someone in the organization simply must take the time to figure this out.

## Integrity of Data

Drift in record-keeping systems can be counteracted by making some fields in the software system required fields. One approach might be to make the gift type, gift date, appeal code, and gift designation required fields.

No matter where an organization is in the information management process, staff members can strengthen the database by focusing on the most important elements of data entry. Begin by capturing the name, address, phone numbers, and email address of each donor. This is bankable information. Next, each time a donor makes a gift, record on his or her record the most important data points pertaining to gift entry: (1) gift amount; (2) gift date; (3) what motivated the gift (the appeal code); (4) how the gift is designated (or if it is undesignated); and whether the gift is restricted (meaning it must be used for a specific activity and cannot be reallocated to another need).

While many dedicated fundraising database systems have a standard length and structure for the appeal code, avoid being too general when developing these codes. *M17*, meaning a mail campaign in 2017, is insufficient if multiple mailings are done throughout the year. The results of each appeal have to be tracked separately. A system with more complete information in the coding system is necessary. One such solution might include: *MP0317* for the March 2017 prospect mailing; *MD0317* for the March 2017 donor renewal mailing; *MD0517* for the May 2017 donor special appeal letter; *MD0917* for the

September 2017 donor mailing; *MP1017* for the October 2017 prospect mailing; and *MD1117* for the November 2017 year-end appeal to donors. As such user-defined codes are created, be sure to enter the explanation, description, or translation of the codes in the utilities database or other appropriate place in the fundraising software system.

Periodically clean up your database. Routine maintenance should identify and merge duplicate records. Encourage users to regularly recommend improvements to statistical and donor reports. Make any corrections or improvements that are merited. Look for ways of improving the system and its output in order to prevent mistakes and make it a more robust tool for your fundraising.

Most fundraising software systems allow for the creation of user-defined codes. User-defined codes may include (but are not limited to) solicitation method, general ledger code (use of funds), donor type, contact preferences, and source of donation. Such fields are meant to contain mutually exclusive categories. For example, the *type* field allows users to classify donors and prospects as individuals, businesses or corporations, foundations, government agencies, churches, associations, or other classifications. The type field usually uses something similar to the following coding system: *A* = Association; *B* = Business or Corporation; *C* = Church, Synagogue, Mosque, or other House of Worship; *E* = Educational Institution; *F* = Foundation; *G* = Government Agency; *I* = individual; *S* = Service Club.

Problems arise when data processors make up their own codes. If the system allows this to be done without entering the definition in the fundraising software system, the result can be lots of codes that no one can interpret. For this reason, adding codes to the database should only be allowed by persons with specific security clearance. Allowing constant adding of codes without regard for the master system will result in an inability to retrieve actionable data from the donor system.

When checking the integrity of an information system, users must check to see that the names of contact persons are listed in records for organizations and businesses. It is not enough to have XYZ Corporation entered in a system. The name of the CEO or other manager responsible for corporate donations must also be in the record. Remember the old principle: people give to people. To communicate with real decision makers, ensure that records are complete with contact names.

## **FILE SYSTEMS AND PROCEDURES**

Establish a logical filing system—hard copy, electronic, or both—to further enhance the power of the dedicated fundraising software:

- File periodic standard reports.
- Establish appropriate hard-copy files of major individual, corporate, and foundation donors. Remember that these reports often contain confidential

data, so a policy for document handling and destruction must be established and enforced.

- File final reports of every major fundraising activity (special events, mail campaigns, special appeals, etc.).
- Establish electronic “tickler” systems with reminders that ensure that no deadline is missed.

Given the need for data confidentiality and protecting your donor information so it cannot be used for identity theft or other illegal activities, hard copies of reports should be kept to a minimum, and those should be securely maintained. Security measures must be in place to prevent someone from quickly copying your donor information and walking out with it on a flash drive or a mobile device. Your goal is to enable authorized personnel to extract the information they need quickly—without ever compromising the security of the data.

Remember, donor contact information, giving history, and relationship activities are among a nonprofit organization’s most important assets. So, have strong policies that are practiced for data security, data destruction, and data backup and continually monitor that the policies are being enforced.



## Prospect Identification, Research, and Segmentation

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*Different strokes for different folks.*

—ANONYMOUS

**E**arlier we discussed the importance of a strong case for support. We then established an information system to record the key information about our donors and prospective donors. Now would be a good time to step back and figure out who is most likely to support our cause.

Ultimately, fundraising professionals will want to adopt a highly personalized approach. When they write, their letters should sound as if the appeals are written from one person to another—not to a group of supporters. When they put together presentation materials for face-to-face visits, they personalize the case for support to the individual interests of the prospective supporter and create a custom presentation.

However, before they can get to these highly personalized approaches, development professionals must put together a master list that identifies all potential supporters. Most often, nonprofit organizations can seek support from the following broad classifications of donors:

- Individuals
- Businesses/corporations
- Foundations
- Government agencies
- Associations (professional associations and unions)
- Service clubs (Rotary, Kiwanis, Lions, etc.)
- Churches, synagogues, and other houses of worship

(Remember the “type” code in the previous chapter? These are common classifications to code and enter into the type field in your fundraising software.)

Now that the broad classifications and markets have been considered, attention can be turned to the task of identifying those most likely to support the organization.

## **THE BEST PROSPECTS**

Board members and other key volunteers can help identify prospects and important contacts. The best prospects will vary from organization to organization, but most nonprofits find success in garnering support from constituents, board members, staff, current and lapsed donors, vendors, people generous to similar organizations, and affluent peers of organization members.

### **Constituents**

Universities look to support from their alumni. Hospitals seek support from former patients. Symphonies raise funds from season subscribers. Churches raise funds from members of the congregation. Wildlife refuges receive donations from conservationists. Every nonprofit organization should prioritize recording the names, addresses, email addresses and phone numbers of their prime constituents—the people who use their services.

Perhaps the only nonprofit organizations that cannot rely on financial support from their constituents are social service agencies that serve the poor.

### **Current and Former Board Members**

The people who make policy and guide the nonprofit organization are often the organization’s best supporters. Chapter 1 stresses that those closest to the organization must set the pace. Nonprofit organizations find it helpful to stress the importance of this maxim. Gracious ways of encouraging current and former board members to give generously are discussed in Chapter 8.

### **Key Volunteers**

People who volunteer for the organization are involved. This involvement gives volunteers an in-depth understanding of the nonprofit’s services. The volunteers often know the most moving stories about the people the organization serves. Research shows that people who volunteer are often among an organization’s best financial supporters.

Some volunteers view financial contributions as a natural extension of their commitment to an organization. Others feel that their volunteer time is as much as they can afford to donate. The job of those responsible for fundraising is to encourage contributions from volunteers—but never make anyone feel uncomfortable if they cannot contribute.

## **Staff**

Please don't overlook staff members as potential contributors. All staff members are familiar with the organization's services and programs. All staff members, by definition, are employed. The best prospects are people who are familiar with a nonprofit's services and have the capacity to make a financial contribution. Staff members meet the most fundamental criteria for consideration as prospects.

Staff contributions are among the most important contributions that can be received. Board members and other contributors are impressed when they become aware of generous staff contributions. Such donations bolster confidence in the philanthropic community. Donors know that if the staff is generous, the organization has inspired confidence in those most likely to know its weaknesses and strengths on an intimate basis.

Still, staff solicitations must be approached with sensitivity. As with volunteers, staff members must be comfortable with their decision to donate . . . or not to donate.

## **Current Donors**

The most likely future supporters are current donors. One myth about fundraising is, "We can't keep going back to the same people." Fundraisers would be foolish to follow this advice. Professionals don't want to solicit the donor so frequently as to upset him or her. But donors who believe in the cause expect to be asked for contributions more often than once a year. Most organizations tend to ask too few times, not too often.

## **Lapsed Donors**

A donor who supported an organization in the past but has not contributed recently—generally a period between 12 to 24 months, depending on the organization's definition—is considered a lapsed donor. Fundraising professionals have found that a percentage of these lapsed donors can be persuaded to donate again. A thoughtful and highly personalized approach helps. Phone solicitations combined with email and mail appeals often work well. To be effective, development professionals will want to restate the case for support and handle

any objections that might come up. Most of all, they can let the supporter know that his or her past contributions made a big difference, and the people served by the organization miss that support and involvement.

## **Vendors**

Businesses that sell goods and services to nonprofit organizations often donate when asked, especially if there is an event sponsorship opportunity that can result in positive marketing for their products.

## **Those Generous to Similar Organizations**

A generous sponsor of one arts organization is often a good prospect for other arts institutions to approach. Likewise, people who support one environmental organization are frequently supporters of many other such causes.

Successful fundraisers find the names of generous philanthropists in their communities through program books from cultural institutions, hospital annual reports, university publications, and on the walls of churches, libraries, hospitals, museums, and private schools. Donor lists are easy to come by. Addresses, email addresses, and phone numbers take more work. However, dedicated volunteers often can find information readily available online. As important, many board members have the names, addresses, and phone numbers needed on their personal contact lists.

Fundraisers should take the time to discover information about people generous to similar organizations and add that information to the fundraising software system. Record any information about their giving history to other organizations. Find someone in the organization who knows the new prospect. Proactively nurture relationships with these potential supporters.

## **Affluent Individuals with Whom Someone in the Organization Has a Peer Relationship**

When the subject of potential pacesetter donors comes up, volunteers often think about the wealthiest people they have ever heard of. Knowledge that someone is wealthy might be meaningless. The aim is to identify and nurture relationships with affluent people who might be expected to support the organization. As mentioned, the prospect's rationale for supporting a specific organization might be an interest in similar causes. Other times, the rationale for supporting an organization is merely a close relationship with a board member or major supporter.

People give to people. A variation of this point is to remember that a wealthy person might be a suspect at best. That person does not become a prospect until someone close to the organization with a peer relationship with the philanthropist is identified. Equally important, the person close to the organization must be willing to make the introduction.

## **PROSPECT RESEARCH**

Some mature nonprofit institutions have a sophisticated prospect research office. Some small/emerging nonprofit organizations have only one staff member to do everything, including service delivery, fundraising, public relations, and general administration. Whether the organization is a grassroots agency or a large institution, those who wish to raise money must focus on four key areas of prospect research:

1. The prospective supporter's relationship to the organization
2. The prospect's interests and hobbies, especially as they relate to the organization
3. Networking—who in the organization is close to the prospect
4. Capability—net worth, ability to donate, and challenging contribution amounts to request

At the early stages of prospect research, fundraising professionals should identify as large a prospect pool as possible, capturing and recording the name of everyone who has a direct or indirect relationship to the organization. Board members and other key community leaders must be debriefed and asked whom to include on the master list of people to keep informed about the organization.

As the master list is compiled, remember to get the names of decision makers at the corporations and foundations you wish to approach. To be effective, the fundraising database should include names of key contacts. People make decisions. No one succeeds in raising funds from General Motors by standing outside corporate headquarters, yelling, "Hey, General Motors, please make a contribution to this worthwhile cause." Thus, fundraising databases must contain contact names.

As fundraisers develop more information about potential supporters, they segment the list based on capacity to give. As stated earlier, donors who already have given at generous levels are the organization's best prospects. But segmentation is not based on giving history alone. A key aim is to identify wealthy people who have a relationship to your organization. This is often done using wealth screening software or a data append.

Next, the list must be divided into potential giving levels. Prospects have vastly differing giving capacities. More research time should be spent on those prospective donors at the very top levels—the major gift prospects.

Every organization has its own definition of a major gift. The institution with a \$60 million goal might consider contributions of \$1 million or more to be major gifts. The nonprofit agency with a \$100,000 fundraising goal might consider any donation of \$1,000 or more to be a major gift. In general, fundraisers consider any gift of 1 to 1.5 percent of the goal to be a major gift.

It is especially important for small nonprofit organizations to develop cost-effective prospect research methods. Larger institutions can afford personnel dedicated to prospect research because the stakes are so high. Stakes are high for smaller nonprofit organizations as well, but funding is very limited for prospect research. So, the research has to be highly focused and not too time consuming, given the organization's other priorities. The following is a prospect research strategy that even the smallest nonprofit organization can use. Although streamlined, this method yields extremely useful information.

## PROSPECT RATINGS AND EVALUATIONS

Many nonprofit organizations with relatively small fundraising staff find it difficult to conduct effective prospect research. Presuming that unlimited resources for prospect research are not available, the following technique may be helpful to the research and major gift process.

First create a cover page, Prospect Rating Form, and code page (see Exhibit 6.1, Exhibit 6.2, and Exhibit 6.3). The cover page is a way to reassure

### EXHIBIT 6.1 SAMPLE COVER PAGE FOR RATING FORMS

#### Prospect Rating Form

ABC Nonprofit has embarked on a Major Gift Initiative to strengthen all of our programs for the people we serve, while at the same time maintaining our reputation for financial stability and sound management. The information gathered on this form will help us refine our plans. The initiative will only succeed with the generous support of a limited number of pacesetting contributors.

The information derived from this and other ratings and evaluations activities will be kept confidential and treated with the highest level of discretion. The final decision concerning the correct amount to request as a contribution will be based on the prospective donor's capacity, philanthropic nature, and relationship to ABC Nonprofit. In addition, the correct choice of the person(s) to make the support request can best be determined by knowing the prospect's network of associates.

When rating capacity to give, keep in mind the prospect's total means rather than past giving patterns. In other words, please indicate what you consider to be the *maximum* potential.

Thank you for your help. Your opinions are very valuable to us.

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**EXHIBIT 6.2 SAMPLE PROSPECT RATING FORM**

<b>Donor and Prospect Name/Company</b>	<b>Maximum Capacity</b>	<b>Interest in Our Organization</b>	<b>Your Relationship</b>	<b>Are You Willing to Visit?</b>
Mr. Ronald P. Adams				
Mr. Thomas N. Acosta				
Dr. & Mrs. Arthur Adelle				
Mr. & Mrs. Harry B. Allen III				
American Widgets, Inc., Renee Chen, President				
Mr. Stanley W. Ammons, Jr.				
Baar Industries, Paul Epigram, President				
Mr. Robert & Dr. Marta Baptiste				
Mrs. Evelyn T. Carter				
Harold Charles, Esq.				
Mr. & Mrs. Russell Clinette				
Mr. Steven Darden, Jr., and Ms. Courtney Ferris				
Mr. & Mrs. William Derby				
Ms. Gina Everton				

volunteers who are supplying the information. It also provides an opportunity to summarize the case for support. The assigned codes explain how the volunteers are to fill in the columns on the prospect rating form.

Volunteers should be reminded to put their names at the very top of the first page in the space provided. The information is pretty much useless without knowing who supplied it. When dealing with the column about maximum capacity, it is helpful to say something like, “If this were the prospect’s favorite charity, perhaps his or her church or university, what might be the most the person could contribute? Please do not fill in a number that represents what you expect the prospect to donate. Rather, focus on the maximum amount the person could afford to contribute.” It is also helpful to explain that a number of factors will help determine how much the organization will request. In some cases—especially when the prospect has a very close relationship to an organization and

**EXHIBIT 6.3 SAMPLE CODE PAGE**

Instructions: Please use the following codes when filling in the form.

**Maximum Capacity  
(Base Solely on Prospective Donor's Means)**

Enter your best estimate, using a numbering scale of 1 to 8 as shown below. Leave this box blank only if you have no knowledge of the prospect's capacity.

- 1 \$300,000 or more 3-year pledge (\$100,000 per year)
- 2 \$100,000 or more 3-year pledge (\$33,000 per year)
- 3 \$75,000 or more 3-year pledge (\$25,000 per year)
- 4 \$30,000 or more 3-year pledge (\$10,000 per year)
- 5 \$15,000 or more 3-year pledge (\$5,000 per year)
- 6 \$7,500 or more 3-year pledge (\$2,500 per year)
- 7 \$3,000 or more 3-year pledge (\$1,000 per year)
- 8 Less than \$1,000 per-year pledge potential

**Level of Interest in Our Organization and Philanthropic Tendency**

Enter a letter A through E based on your best guess. Leave blank if you have no knowledge of the prospect.

- A High level of interest
- B Moderate level of interest (probably donates or attends organization activities)
- C Low level of interest but with potential for cultivation (does not give or participate yet but is interested in the goals of the organization)
- D Little known interest in the goals of the organization, but has demonstrable civic pride
- E No interest and no concern for community

**Your Relationship to Prospect**

Enter a number 1 to 5 to indicate the phrase that best describes your relationship.

- 1 Best of friends, relative, or close business associate
- 2 Acquainted and friendly
- 3 Met a few times
- 4 Never met
- 5 Strained relationship

when the organization is engaged in a visionary campaign—the request amount will be equal to the maximum capacity. In other cases, the appropriate request amount may be somewhat less than the maximum the prospect can afford.

The column that deals with interest in the organization and philanthropic tendencies is self-explanatory based on the coding. The staff might wish to fill in information about a prospect's closeness to the organization prior to having volunteers fill out the form.

Having created the forms, the next step is to have the staff or a dedicated volunteer fill in the names of 300 to 400 top suspects. The list is composed of those thought to be likely prime prospects. Included are current generous donors; the largest local or national corporations likely to be approached; those who are

generous to similar causes; wealthy individuals who have a relationship to a volunteer or board member; and other affluent constituents.

Now that the 300 to 400 names are filled in, the list should be taken to the board of directors or to a special committee composed of people who know the community, especially professionals who are knowledgeable about the relative net worth of many of the prospects. To recruit such a committee, look to bankers, real estate brokers, insurance agents, stockbrokers, and attorneys. Also, recruit people who have lived in your city a long time as well as community or national leaders. In short, recruit influential movers and shakers to serve on the rating committee.

Since codes are being used—numbers and letters rather than dollar amounts and specific information—many of the financial advisors find they can participate in the process without violating any ethical codes. If, for instance, a committee member put a 1 in the maximum capacity column, signifying that the donor is capable of making a \$100,000 or more annual contribution, no specific information about the donor's net worth has been revealed. After all, the prospective donor might have a net worth of \$6 million, \$25 million, \$60 million, or more. All that is known from the rating is that one committee member estimates that the prospect is capable of a contribution at the level indicated.

Anyone who has ever participated in a “talking” prospect rating meeting will recognize the benefit of using this silent method of forms and keys.

Traditional prospect rating sessions usually turn out like this: The meeting begins with an explanation of the importance of gathering information about prospective supporters. Everyone is assured that the information will be kept confidential. People are also told to please stay focused because there are numerous names to review. Now the fun begins. Mrs. Abercrombie is the first name discussed. Someone in the room knows her. All agree that she might well be capable of a \$10,000 contribution, and, surely, Maria will call on Mrs. Abercrombie. Next, the committee discusses Mr. and Mrs. John Bennett. Someone asks whether those are the Bennetts who live on the hill. No one is sure. Next come Mr. and Mrs. James Wilson. Marie informs the committee that the Wilsons are getting a divorce. “No!” exclaim the committee members. Next follows a 10-minute discussion of what led to the divorce. The committee chair brings the committee's attention back to the list. The next name is Thomas Boswell. There is general agreement that Mr. Boswell has had a good year and should be approached for a \$20,000 contribution. Feeling confident, the chairperson moves on to the next name, Teresa Carswell. At this point, it is discovered that Mrs. Carswell is living with James Wilson. The committee never gets back on track.

While this may be an exaggeration, it is safe to say that ratings committees rarely get through more than 25 to 50 names in an hour-and-a-half meeting. However, by using the forms in this book, a board of directors or committee can review up to 400 names in 20 minutes.

This 20-minute concentrated period is among the most important times in an organization's history. By staying focused—and by not being swayed by extraneous comments—an organization can quickly discover who on its list is most capable of generous gifts. Perhaps the most helpful information obtained through this process is the knowledge of which volunteers have close relationships to the organization's best prospects.

Once development planners know who has a positive relationship with potential supporters, they can recruit volunteer solicitors more readily. To broaden the knowledge about supporters, development officers also can phone or meet with the committee members who have the relationship with the supporter and do online searches to obtain additional information about corporate relationships, civic involvement, real estate holdings, support for other organizations, and other pertinent information. Now is a good time to debrief the volunteers. The goal is not to gather titillating information; rather, it is to be sure to avoid embarrassment and approach prospects graciously. Thus, it is best to gather some information in private rather than in group settings.

After the volunteers fill in the forms, the staff collects the forms, summarizes the committee's work, and creates the Compiled Prospect Rating Form (see Exhibit 6.4).

Once the committee's work has been summarized in the Compiled Prospect Rating Form, it becomes relatively easy to determine preliminary request amounts and volunteer assignments. There are a few commonsense ways of going about this.

### **Determining the “Ideal” Volunteer Solicitor**

Using the forms and the compiled information, this step-by-step approach to choosing the volunteer solicitor can be followed:

1. When only one volunteer fills in the “Willing-to-Visit?” column for a specific prospect, the assignment becomes automatic.
2. When two or more volunteers fill in that column, recruit the volunteer who rated the prospect's giving capacity higher. That volunteer will be more comfortable requesting a more generous contribution.
3. If two or more volunteers filled in the “Willing-to-Visit?” column and several rated the giving capacity equally high, choose the volunteer who knows the prospective supporter best.

(One note of caution: If the volunteer places a 1 in the “Your Relationship” column, it means that the prospective supporter is the volunteer's best friend or a family member. This is *not* the ideal volunteer solicitor. It is possible to be too close to the prospect for a comfortable solicitation. Volunteers who place a 2 in this column generally make the very best

**EXHIBIT 6.4 COMPILED PROSPECT RATING FORM**

**Volunteer's Name:** \_\_\_\_\_

<b>Donor and Prospect Name/Company</b>	<b>Maximum Capacity</b>	<b>Interest in Our Organization</b>	<b>Your Relationship</b>	<b>Are You Willing to Visit?</b>
Mr. Ronald P. Adams	8 (Jensen)	D (Jensen)	3 (Jensen)	
Mr. Thomas N. Acosta	6 (Hillstrom) 5 (Harrison)	B (Hillstrom) C (Harrison)	2 (Carr) 2 (Harrison) 1 (Hillstrom) 3 (Walden)	Y (Hillstrom)
Dr. & Mrs. Arthur Adelle	7 (Martin)	B (Martin)	2 (Martin)	
Mr. & Mrs. Harry B. Allen III	6 (Jensen) 7 (Watson)	B (Jensen) B (Watson)	2 (Jensen) 3 (Watson)	Y (Jensen)
American Widgets, Inc., Renee Chen, President	2 (Harrison)	B (Harrison)	2 (Harrison)	Y (Harrison)
Mr. Stanley W. Ammons, Jr.	6 (Hillstrom) 4 (Martin)	B (Hillstrom) A (Martin)	2 (Martin) 2 (Hillstrom) 3 (Walden)	
Baar Industries, Paul Epigram, President	3 (Watson)	D (Watson)	3 (Watson)	Y (Watson)
Mr. Robert & Dr. Marta Baptiste				
Mrs. Evelyn T. Carter	8 (Jensen) 7 (Trout)	A (Jensen) A (Trout)	1 (Jensen) 2 (Trout)	
Harold Charles, Esq.				
Mr. & Mrs. Russell Clinette				
Mr. Steven Darden, Jr., and Ms. Courtney Ferris	1 (Harrison) 1 (Trout) 2 (Hillstrom)	B (Harrison) C (Trout) B (Hillstrom)	2 (Harrison) 3 (Trout) 1 (Hillstrom)	Y (Hillstrom) Y (Harrison)
Mr. & Mrs. William Derby				
Ms. Gina Everton				

NOTE: Staff fills in appropriate names prior to the Volunteer Review.

volunteer solicitors. Again, seek people with peer relationships with the prospective supporters.)

4. If all factors are equal, assign the prospect to the volunteer with fewer assignments. The volunteer with many people to visit may not be able to make all the face-to-face solicitations. The volunteer with few names has a smaller psychological hurdle to overcome in beginning to make the visits.

Ideally, when this process is through, each volunteer will have three to five prospective supporters to visit. Also, remember that, to the extent possible, team visits are to be encouraged. The most effective solicitations involve a key staff member and a dedicated volunteer calling on a generous prospect or generous couple.

Often the ideal volunteer solicitor for a particular prospect was not part of the team that filled in the prospect rating forms. In such cases, speak with one of the people on the ratings team who knows the prospective supporter. The team member can tell you who knows the prospect well. The volunteer could be asked: “Who are some of Mr. Prospect’s good friends?” “Who on our team is close to Mr. Prospect?” “Who believes in our cause who has the right ‘chemistry’ to approach Mr. Prospect for a contribution to our cause?”

Once the ideal solicitor has been determined, the next concern is how best to recruit him or her. Assuming that the volunteer is already a believer in the organization, a gracious yet direct approach is appropriate. Someone with a peer relationship with the prospective volunteer solicitor calls and makes an in-person appointment. Use the appointment to strengthen your bond with the volunteer. Ask whether the volunteer would be comfortable in a personal solicitation setting. Help these volunteers find their comfort level. Some will be comfortable allowing their name to be used when seeking an appointment with the prospective donor. Others are willing to go on the call but will want a staff member or fellow volunteer to ask for the contribution. Still others are willing to make an appointment, go on the visit, and ask for a contribution at the predetermined level.

## **Determining the Capacity to Give**

Using the Compiled Prospect Rating Form (Exhibit 6.4), it is easy to follow the steps for choosing the volunteer solicitor. A more difficult task is determining the appropriate request amount. Mastering this art is one of the keys to fundraising success. The aim is to determine a challenging, yet appropriate, gift amount or gift range to request prior to any solicitation visit with a prospective supporter.

What first must be considered is how much the prospect can afford to give. (The development professional and the team members may wish to discuss ways of judging giving capacity before committee members fill out the Prospect

Rating Form.) Later, what to request and what to expect can be discussed. Capacity to give is one matter. Willingness to give is quite another.

When considering capacity, remember that many contribute a percentage of their earnings to their church or charity. The *Chronicle of Philanthropy* estimates that, on average, Americans donate approximately 3 percent of their income to charity, a percentage that has been constant for decades. Other studies indicate that Americans tend to donate one-fifth of what they can afford to donate. Stated another way, most Americans can afford to give five times as much as they currently are giving without substantially changing their lifestyle.

From this information, it might be assumed that a prospect with a family income of approximately \$100,000 might be capable of donating \$15,000 ( $\$100,000 \times 3\% \times 5$ ) total to nonprofit organizations. However, we don't know what amounts they are already giving to other charities. So, what amount should be requested? Should we ask for gifts at the levels at which people currently are giving? Does one ask for as much as they can afford to give in total? Are there times when what is asked for seems to be more than the gift levels being discussed?

So far, the focus has been on annual income and annual contribution amounts. However, many people find it possible to make much larger contributions to campaigns that encourage multiyear pledges. In addition, committed donors frequently make contributions from their assets. They believe so much in the cause that they donate generously from their life savings or from their inheritances, or they are willing to give a larger amount from their assets because tax advantages may be available for such a gift.

When discussing capacity to give, annual income and assets must be considered. The prospective donor's net worth is a better indicator of giving capacity than his or her current earning level. Nonprofit organizations sometimes receive six- and seven-figure contributions from supporters with modest careers. In one case, a retired schoolteacher donated \$250,000. The nonprofit organization had discovered that the teacher had inherited a large block of stock in a successful company. The legacy allowed the inheritor to do what she loved best—teach.

Here are some general guidelines that can help determine capacity to give:

- A person with a net worth of \$40 million can afford to donate \$2 million without changing his or her lifestyle.
- A person with a net worth of \$25 million or more can afford to donate \$1 million.
- A person known to have contributed \$5,000 to a political candidate can afford to donate \$100,000 to a multiyear capital campaign (20 times the political donation amount).

- Most donors can afford to donate at least five times as much as they are currently giving. If the donor's name appears on another organization's donor listing, it can be expected that he or she can donate at least five times the amount being donated to that organization. In other words, if a donor is giving your organization \$100 a year, it can be assumed that he or she can donate \$500 a year; however, if the donor has donated \$1,000 to another organization, it is reasonable to believe that he or she might be able to donate at least \$5,000 to a cause.
- Committed supporters often can afford to donate an amount equal to 10 percent of their annual incomes. At times, they may be able to donate even more. Such pacesetter leadership gifts are given from the donor's assets rather than from current income.
- Committed supporters often can afford to donate an amount equal to three weeks of their salary.
- When planning a capital campaign with a three-year pledge period, current donors to your organization often can afford to donate an amount equal to 20 times their annual gift. Thus, a \$500-a-year donor might be asked to consider a three-year pledge of \$10,000 to the capital campaign.

The ratings team can help determine how much a prospective supporter can afford to donate. However, to ascertain the true upper limits of capacity, committee members must themselves be generous people. The sad truth is that miserly people cannot imagine others donating generously. So, all the talk in the committee about how to rate maximum capacity falls on unreceptive ears. Generous people with knowledge of the community provide the best assessment of giving capacity.

Help refine the information by looking at the organization's records. Determine the largest amount the donor has given, then multiply that amount by at least 5 to determine his or her capacity. As already mentioned, committed supporters frequently can afford as much as 20 times their annual giving. By gathering information about salary ranges in your area, development professionals can get a good sense of the donors' annual salaries. Also, do not forget reference materials. For example, corporate annual reports or the SEC 8-K reports contain information about executive remuneration and stock control.

### **Determining the Request Amount**

Once information about capacity to give has been gathered, the next step is determining the appropriate amount to request. Consider this most important premise: When deciding how much to ask for, it is far better to err on the high side than to ask for too little.

People aren't insulted to be asked for a larger gift than they feel they can afford. In fact, many people find it flattering that they are thought affluent enough to make pacesetting significant contributions.

There are two things worse than asking too little. The first is not being specific in the request. As mentioned, frequently donors have no way of knowing whether \$50 or \$500,000 is needed. Such important issues must not be left unresolved. Offer the donor an opportunity to make a significant investment in your cause.

The second—and most fatal—mistake is to not ask at all. In fact, research shows that not being asked is the number one reason people don't make a major donation!

Decide to always request a specific gift amount or gift range. Use the information obtained on the Prospect Rating Forms and the Compiled Prospect Rating Form to help determine the appropriate request amount.

Here are the general guidelines for determining the request amount:

- If the prospective donor has a close relationship to the organization, and it is engaged in a visionary campaign with a large goal, request an amount equal to the donor's maximum capacity.

These donors are the 1-As on the rating forms. Volunteers put a 1 in the maximum-capacity column, indicating extraordinary affluence. They or staff also put an A in the relationship-to-the-organization column, indicating a close connection to the organization. The 1-As have the closest relationship and the most assets—the organization's very best prospects.

Imagine conducting a \$6 million capital campaign. A leadership donation of \$1 million is needed. By all means, graciously request that sum from someone who has bonded with the organization who can afford to donate the pacesetting investment.

If the donor has a close relationship to your organization, and it is engaged in an annual campaign or other routine fundraising effort, request an amount equal to the organization's largest giving club or gift level.

Imagine conducting a \$400,000 annual campaign. Perhaps the top giving level is the \$50,000 Founders Circle. Even if one of the closest supporters can afford a \$1 million contribution, he or she can't be asked for that every time. In such a case, request the \$50,000 contribution. Of course, the relationship should be developed further with the supporter informed about the nonprofit's visionary plans for the future.

- If the donor is not already closely associated with the organization, intensify the relationship—nurturing activities and wait to request a higher-level gift. If the campaign has a pressing deadline and momentum is needed, consider requesting an amount one or two levels below the prospective donor's capacity.

If the prospective supporter is a foundation you have been cultivating, request an amount in its general or average gift range—preferably an amount closely tied to a realistic project budget. If you deliver on your promises in the first funded proposal, the foundation may donate amounts greater than its average gift range with future requests. A relationship with the giving officers of the foundation can help in securing grants at the higher levels.

If a strong volunteer with a peer relationship with the prospective supporter has been recruited, ask for the maximum amount that the volunteer is comfortable requesting. Encourage such volunteers to think big. Even when prospective supporters have not yet developed a close relationship to an organization, they can be encouraged to donate at their maximum capacity levels if they have a strong relationship with the community leader who asks for the contribution.

### **KNOW THE PROSPECTIVE DONOR AS A PERSON**

Speaking of suspects, prospects, ratings, and evaluation sounds somewhat analytical—maybe even clinical. All that fundraising jargon is helpful when describing the nuts and bolts of the research process. However, it really misses the heart of the issue. We must know our supporters as people. We must understand their likes, dislikes, and philanthropic motivations. We must know what each prospective supporter cares about. We must remember that a person's first concern in making a charitable donation is, "How will making this contribution help me fulfill my goals as a philanthropist?"

Much has been written and said about sources of information. Professional prospect researchers know how to access a great deal of library and online information. An alternative available to all nonprofits is to develop a small network of people who can be relied on for background information; this is especially effective in a smaller community. Community leaders who are long-term residents of the region tend to know a great deal about prospective supporters. With this in mind, the prospect researcher's best tool is the telephone. The amount of prospect information that three to five plugged-in confidants can provide is amazing.

After getting information through telephone contacts, the next step is additional research with corporate reports. The annual report gives a broad overview of the corporation's business and economic condition. The 10-K report is a detailed annual financial report that also shows salaries and other compensation for principal officers. The proxy statement gives detailed information on executive compensation and control of stock. The 8-K report details sales of large blocks of stock.

For foundations, their annual 990 filing with the IRS lists the recipients and amounts of the grants they have made in that year. Additional information about foundations is available at each state's foundation center. Look at foundation reports, The Grants Index, and a variety of foundation directories.

Information on individuals can be found in online electronic databases. Several consulting firms also offer electronic screening services that enable nonprofit institutions to identify prime prospective supporters who are already on the in-house list but who have not yet given at leadership levels and to append pertinent information to their database.

There is one final point to make before leaving this discussion of prospect research. All of the prospect research in the world is of no value if it does not directly support the solicitation process. Invest your time and that of your staff and volunteers to collect key information that will help determine the challenging-yet-appropriate amount to request, the right solicitor to go on the call, and the project the prospective donor would be most likely to support. Then ensure that the volunteers and staff members making the visits use the prospect research information.

## Nurturing Relationships

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*If a man does not make new acquaintances as he advances through life, he will soon find himself left alone.*

—SAMUEL JOHNSON, QUOTED IN *BOSWELL'S LIFE OF JOHNSON*

### **FRIEND-RAISING ACTIVITIES**

Friend-raising activities are essential to any fundraising effort. As people become more involved, they become more committed. Their donations increase as their sense of belonging grows.

Activities designed to nurture relationships are not driven by deadlines. When schedules get tight, these relationship-building meetings and gatherings get pushed back or canceled. How unfortunate. An organization's future is shaped by the number and quality of quiet, seemingly inconsequential encounters—moments when people have the opportunity to speak with those who can help the organization.

Friend-raising activities might include any or all of the following.

### **Newsletters and General Mailings**

As cultivation strategies, printed materials and mailings are never enough. Personal contact is needed. However, newsletters, printed material, and email messages do constitute an important first step in the relationship-building process. Newsletters ensure that the organization has contact information and up-to-date mail addresses. When planning a communications strategy, include prospects, not just donors, on the mail and email lists. Do not be attracted to false economies; mail to as many people as possible.

Include explanations of simple planned-giving opportunities in every newsletter. Also acknowledge significant gifts and donors in newsletters (with their

permission, of course). This increases awareness of the importance of contributed income—and stimulates even more donations.

Newsletters can include response forms and appeals for funds, but the focus should be on the institution's accomplishments. Testimonials and moving stories of differences made because of support from donors are effective ways of telling your case for support.

Many successful charitable organizations send a simple information publication immediately after receiving the first contribution from a donor, in addition to the donation receipt. This public relations piece strengthens credibility and can excite the donor about the impact of his or her support. As this mailing does not directly ask for funds, it serves well to help the donor bond with the organization.

### **Emails and E-newsletters**

For many donors and prospects, electronic communication is preferred. Email can keep a donor or prospect informed about activities at your organization and can be very effective for “save the date” notices for events and for recruiting volunteers. E-newsletters, like their print counterparts, should tell stories that show the impact of donations. An opportunity to donate is appropriate, but the focus is on communicating what is being accomplished together by the organization and its supporters.

### **Telephone Calls**

Some people still prefer communication via telephone, and this can be an excellent way to strengthen a relationship. Given the ease of electronic communication, many fundraisers have mostly abandoned the telephone, but calling a donor simply to say “thank you” or to wish them a happy birthday can be powerful.

When calling, prepare for voicemail or an answering machine by knowing the message you will leave. Also, take your cues from the individual in terms of the length of the call. Even if it is a brief conversation, the donor will likely appreciate that you took the time to call.

### **Highly Personalized Mailings That Do Not Request Funds**

These friend-raising mailings (print and electronic) tell of some important activity at the organization. For example, a letter might begin: “As an important member of San Francisco’s business community, you may be interested to know that the XYZ Institution recently completed a study on ways of strengthening our city’s economy . . .” They may also communicate a significant partnership that is

expanding the work of the nonprofit: “A generous grant by the ABC Foundation to the XYZ Institution has enabled us to expand our programs to additional neighborhoods . . .”

Development officers—and other professionals who value relationships—write frequent, short personal notes and email messages. Sometimes the note is a brief thank-you. At times it is a brief congratulatory note or even a card to acknowledge an event like a birthday or an anniversary. Indeed, there are unlimited reasons for writing these friendly notes. Professionals who make this a habit in their lives will be amazed at the unexpected rewards that come their way.

### **Invitations to Tour the Nonprofit Organization’s Facilities**

Supporters often enjoy an opportunity to see behind the scenes at an institution. If appropriate, invite donors and potential donors to the organization’s offices or facilities. This is especially helpful if the visit helps the donor better understand the good works that the organization does because of donations from its funding partners.

As supporters become more familiar and more at home with the organization, they become more likely to make generous contributions to its cause. An added benefit is that they may also want to volunteer if appropriate opportunities exist. Volunteers tend to be better donors, so this can have very positive long-term benefits for your work.

### **Social and Informative Gatherings**

Relationship-building events are not directly fundraising in nature. Rather they should be social and informative. A gracious and fun buffet dinner with a guest speaker describing the organization’s accomplishments and aspirations is ideal. A short video can be included, or possibly recipients of assistance from the organization can briefly share their stories. A development staff member can prepare a simple run sheet and script for the presenters (see Exhibit 7.1).

Many volunteers and donors become involved with nonprofit organizations as a means of building new and meaningful friendships. One nonprofit agency held a social and informative gathering at the home of a prominent Austin, Texas, family. The agency invited influential people from the community—even several who were active with other organizations. One well-known philanthropist, who was closely identified with a leading institution in the region, attended. Apparently, she recently had begun to feel unappreciated at the other institution. She asked questions about the organization sponsoring the social gathering; she also asked questions about who was on the board—and whether any of the board

## EXHIBIT 7.1 RELATIONSHIP-BUILDING EVENT, EXAMPLE SCHEDULE

**RELATIONSHIP-BUILDING EVENT**  
**Social Gathering**  
**The Home of Ted and Beth Sabrinski**  
**Friday, April 23**

Presentation Notes and Sample Messaging

6:30 p.m. People begin arriving

7:10 p.m. Presentation begins; welcoming remarks from Board President

“Welcome. For those of you who haven’t met me, I’m Jan Tucker, President of the XYZ Nonprofit Organization Board of Directors. Thank-you all for coming tonight. We will keep this part of the evening short so that you can enjoy the food and fellowship.

“I’d like to begin by thanking my fellow board members and our Campaign Cabinet members for their hard work in helping create a safe and compassionate environment for abused and neglected children. Let me also take this opportunity to thank our Campaign Chair, Ed Roberts. I especially want to thank Ted and Beth Sabrinski for their support and graciousness in opening their home and overseeing the arrangements for this gathering. Ted and Beth, would you like to say a word or two?” (Motion Ted and/or Beth forward to speak.)

[Ted or Beth’s remarks] “We are proud to be associated with this project. We would like to personally welcome you to our home and thank you for coming tonight.”

[Jan’s remarks continue] “Many of you know about the importance of the shelter for children in crisis and comprehensive counseling services for children and families, offered by XYZ Organization. I suspect you wouldn’t be here if you weren’t convinced of the vital role the XYZ Organization plays in providing for compassionate services for abused and neglected children. You may also know that we have seen a dramatic increase in the requests for services during the last five years.

“As we look to the future, we know that one part of the solution is to stress the importance of prevention. And, I’m sure you will be pleased to know that our Board has identified preventive services as a priority in our strategic long-range plan.

“The other part of the solution is to strengthen the counseling services. That’s an important part of prevention also. But the truth is that to meet the growing demand for this service, we will need improved facilities for the children who are entrusted to our care.

“Our strategic plan calls for renovating our existing buildings. This will allow us to take care of the growing number of children being referred to the agency. Equally as important, the enhanced facilities will be safer and more welcoming, and will allow us greater flexibility in how we use the space available to us. The children deserve the best our community can envision.

“I will say a bit more about our vision for the future in a few minutes. But now I would like to introduce our guest, Dr. Pat Weaver.” [Use your own words to introduce Dr. Weaver.]

*(Continued)*

## EXHIBIT 7.1 (CONTINUED)

7:15 p.m. [Sample remarks for Dr. Weaver] “Thank you Jan. I’d like to add my personal thanks to every one of you who came tonight. Your interest means so much to XYZ Organization’s future.

“Let me also express my appreciation to the Board and staff for their outstanding contributions to the children who are sent to us for care. Very few people are aware of the sacrifice and tenacious commitment your leaders have made to this cause. Here are some facts that might surprise you:

- Volunteers at the XYZ Organization donate on average 300 hours each month to help us accomplish the mission of providing services and love for the children in our care.
- Of course, many of you know that nearly 500 children spend some time at the XYZ Organization shelter each year. These are children who have been abused or neglected. For many, our shelter is the first safe environment they can remember.
- Our first goal is to begin the healing process for these children. As they begin the process of recovery, each child must first learn that adults can be trusted. There are people in the world who love and care about them. And the XYZ Organization is staffed with compassionate people who make a difference in these kids’ lives.
- [Other personal observations Dr. Weaver would like to share.]

“When we started this presentation, Jan told you we would be brief. So let me quickly summarize why I feel that your presence is so important tonight.

“The Board, staff, and volunteers at XYZ Organization have looked beyond our short-term needs. The vision we have will provide for the needs of children—children who are innocent victims of circumstances beyond what any child should endure—for decades to come. The plans you will be hearing more about in the months to come stress prevention, counseling, and adequate resources to care for the boys and girls now and for future generations.

“In the weeks and months ahead, I hope many of you will join me and support the XYZ Organization with your time, talents, and treasure. Your work and wisdom, combined with a healthy investment of financial resources, will help the XYZ Organization realize its vision. I’m here tonight to meet you and to tell you that I am convinced that XYZ Organization is vital to our city, and that an investment in their work will have a tremendous impact.”

7:21 p.m. [Executive Director’s remarks; thank Dr. Weaver and then briefly review plans and case for support.]

7:25 p.m. [Jan Tucker] “Again I want to thank each one of you for coming tonight. And a special thank-you to Ted and Beth for their hospitality and Dr. Pat Weaver for his support.”

[Encourage everyone to get back to the food and conversation.]

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NOTE: The entire presentation should take no more than 15 to 20 minutes.

members played bridge. She was very open in stating that she wanted to get involved with another organization and with people she would enjoy. Her initial involvement led to substantial financial support for the new organization.

### **Breakfasts and Luncheons**

Informal get-togethers with the executive director, chair of the board, board members, or key staff are useful tools in the cultivation process. Many business leaders enjoy breakfast meetings, which tend to be less disruptive of the workday. Lunch is still a favorite of others who find it enjoyable to meet and eat. When asked for my best and simplest fundraising advice, I often reply, “Take a rich person to lunch.”

### **Focus Groups**

This technique is popular with marketing experts, who find the information gathered through such groups helpful in understanding the attitudes of key constituencies. Focus groups are essentially a group interview and are generally conducted in person, although online focus groups are increasing in popularity. From a fundraising perspective, focus groups can provide useful information about attitudes and prove to be very valuable cultivation activities. The participants—donors and prospective donors—explore their attitudes toward an organization. The focus discussions offer them an opportunity to state the case of support in their own words. And if they have any concerns, the process allows them to voice their opinions. Again, involvement leads to commitment.

A focus group can benefit from group dynamics, but this can also become challenging and result in less-than-reliable results. The challenge is identifying the responses from people that reflect what they really believe versus what they wish they believed or what they think will make them appear wiser to other group members. For this reason, responses may be biased. However, a focus group can give donors and prospects more of a stake in your organization and increase their sense of connection to the cause.

### **Invitations to the Annual Meeting**

If your organization conducts an annual meeting and invites potential donors to it, every possible step must be taken to ensure that the meeting is not a boring, perfunctory affair. Use the annual meeting to stimulate enthusiasm. Celebrate victories. Thank donors. Keep the meeting fast paced.

## Individualized Strategies

If a donor or prospective donor enjoys being in front of groups, invite him or her to speak at an organization event. Whenever possible, recruit the best prospects to serve on an ad hoc task force or special committee. The simplest cultivation strategy is to meet face to face and seek advice from the supporter. People are flattered to be asked their opinion.

## Publish Names and Photographs of Donors and Potential Donors

Don't underestimate the value of this relationship-building technique.

Donor lists and more highly personalized acknowledgments in newsletters, annual reports, and other publications help organizations bond with the philanthropic community.

Use photographs liberally in your newsletters. Take photos at special-event fundraisers. Take photos at committee meetings. Take photos of people receiving awards from your organization. Take photos of volunteers. Send people copies of their photos. Whenever possible, publish these photos.

However, always be certain you have permission from the donor before announcing his or her gift and before publishing a photograph; in some places, it is illegal to publish a person's photo without permission. This request for permission can be as simple as stating on the registration form that photos will be taken and potentially published in the organization's promotional material, and by registering, the person consents to having his or her photo used in this manner. Alternatively, you can have a prominent notice at an event that states that photos will be taken and to notify a specific person if the donor or prospect does not want their photo taken and potentially published.

## Prompt and Generous Acknowledgment of Every Contribution

Every contribution, no matter what size, should be acknowledged with a timely receipt, ideally within 48 hours of receiving the donation. Some gifts also deserve a polite note or letter; this is especially true for first-time donations or gifts over a threshold determined by your organization. The longer it takes to acknowledge a donation, the more likely your donor is to feel unappreciated or that his or her donation was a poor decision.

One cautionary note: Many well-intentioned people make a special effort to thank their largest donors in a highly personalized, gracious manner. This is as it should be. However, the danger arises when the person responsible for sending the thank-you pulls the gift information out of the usual acknowledgment process. What can happen is that the person the organization wanted to thank

most graciously becomes the person whose gift acknowledgment is delayed—or even worse, lost in the black hole of the responsible person’s inbox. So, keep the large donors in the regular loop. Then, send a second, highly personalized letter. Also, be sure to call and thank the most generous supporters.

Another problem occurs when the personal thank-you note is used as a substitution for the receipt but does not include the information required for a legal receipt for tax purposes. It is a disservice to your donors not to provide a receipt that meets requirements established by the government for a potential tax deduction. It is perfectly appropriate to send both a receipt and a personal thank-you note, either separately or together. A receipt should never be neglected, but a personal thank-you should not be, either!

### **A Host of Other Personalized, Genuine Contacts**

One good indication that the organization’s cultivation activities are going well is when prospective donors begin inviting key representatives of the nonprofit to join them at enjoyable get-togethers. After all, the goal is to develop true friendships, and these go both ways. Professionals do not manipulate people; they nurture strong relationships.

People responsible for fundraising should think for a minute about all of the nice things they can do for people they really like. A wise fundraiser never overlooks things that may not be as meaningful to him or her, thinking instead of the donor’s preferences. These may be a result of age, gender, cultural background, or a host of other factors that may define a friendship in the mind of the donor. For example, receiving something in the mail (as opposed to email) is often important to older adults, as is being thanked for even small things. Prospective supporters should be treated in the way we treat our friends, taking into consideration not what we expect but what that individual may expect. That is all there is to it.

### **Relationship-Building Activities Must Be Scheduled and Monitored**

People who adopt a strategic and professional attitude toward fundraising track information concerning who has been invited to which gatherings, who came, and their reactions to the programs. Moreover, most people view the act of visiting people only when asking for money as rude. So, be sure that every prime prospect has been invited to a social and informative gathering—where no money will be requested—at least once every six months.

The fundraising activity with the highest payoff possible is building relationships with people capable of making major contributions. And yet there is never a deadline for inviting someone to visit the organization. There is never a deadline to

create a social and informative gathering to which to invite them or to extend an invitation to lunch simply to keep in touch. For these cultivation activities to occur, those responsible for fundraising must proactively create and schedule them.

From a management point of view, use the capabilities of your donor management system to code everyone invited to each cultivation activity. Add another code to indicate who attended. Record information about conversations or other encounters in the comments field, specifically noting interests or information that can be followed up on during subsequent conversations.

### **MOVES MANAGEMENT—CULTIVATING REAL RELATIONSHIPS**

Many development professionals find it helpful to summarize their prospect research information, develop a relationship-nurturing strategy, and track the cultivation steps, or moves, as they are called in the jargon of the business. A move might be as simple as sending a birthday card—or as significant as a luncheon meeting with the president of the institution.

In Stanley Weinstein's other book published by John Wiley & Sons, *Capital Campaigns from the Ground Up*, he tells the story of how two of our nation's most gifted capital fundraisers, David Dunlop and G. Taylor "Bunky" Smith, coined the phrase "moves management." Their aim was to refine the relationship-nurturing process. However, they both later expressed regret over the term, because many less mature practitioners misunderstood the phrase and viewed the process as controlling or manipulative. Nothing could be further from the truth. Moves management is a process and a plan for growing a relationship to give an individual opportunities to become a more engaged, passionate donor. Thoughtful moves management, or donor cultivation, systems help nonprofit organizations maintain gracious and meaningful relationships with their supporters.

Tracking cultivation steps involves recording the activity, making notes about the prospective donor's response, assessing the prospect's readiness to support the institution, and noting the next step in the cultivation process. Small organizations can track their top 25 to 50 prime prospects using a simple form (see Exhibit 7.2). Larger institutions use their dedicated donor relationship management software to track donor information and cultivation steps. Remember, however, that while the process is being managed, the real goal is to nurture warm and respectful relationships.

### **DONOR ACKNOWLEDGMENT**

The most effective way to ensure continued support for an organization is to express gratitude promptly and appropriately for the donor's investment in the

**EXHIBIT 7.2 PRIME PROSPECT TRACKING FORM**

**XYZ Nonprofit Organization  
Prime Prospect Tracking Form**

Prospect Name \_\_\_\_\_

Address \_\_\_\_\_

Business Name & Address \_\_\_\_\_

Phone Home: \_\_\_\_\_

Mobile: \_\_\_\_\_

Work: \_\_\_\_\_

Email Address \_\_\_\_\_

Giving History Total \$ \_\_\_\_\_

Total # of gifts \_\_\_\_\_

1st gift date \_\_\_\_\_

Most recent gift \$ \_\_\_\_\_

Most recent gift date \_\_\_\_\_

Largest donation \$ \_\_\_\_\_

Family & Relationships Spouse/significant other \_\_\_\_\_

Children \_\_\_\_\_

Other key relationships \_\_\_\_\_

Interests \_\_\_\_\_

Relationship with Us \_\_\_\_\_

Capability Estimated net worth \_\_\_\_\_

Form of wealth \_\_\_\_\_

Other factors/information \_\_\_\_\_

Rating Preliminary \_\_\_\_\_

Final \_\_\_\_\_

Network Close friends \_\_\_\_\_

Organizational contacts \_\_\_\_\_

Assigned Solicitor(s) \_\_\_\_\_

Cultivation Strategy \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Continued)

**EXHIBIT 7.2 (CONTINUED)**

Gift Opportunity or Project \_\_\_\_\_  
 \_\_\_\_\_

Next Step \_\_\_\_\_

By when? \_\_\_\_\_

Reminder to be sent (date) \_\_\_\_\_

Completion date \_\_\_\_\_

Summary of contact \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Next Step \_\_\_\_\_

By when? \_\_\_\_\_

Reminder to be sent (date) \_\_\_\_\_

Completion date \_\_\_\_\_

Summary of contact \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Next Step \_\_\_\_\_

By when? \_\_\_\_\_

Reminder to be sent (date) \_\_\_\_\_

Completion date \_\_\_\_\_

Summary of contact \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

organization’s mission and programs. Appropriate, generous, and timely acknowledgment is essential to nurturing positive relationships with your donors.

Gracious thank-you notes are also called for after a meeting with a prospective supporter. The person should be thanked for the time he or she took to meet with the organization’s volunteers and staff—whether the visit resulted in a pledge or contribution or not.

Of course, donors should be promptly thanked in writing for all pledges and contributions. After seven days, acknowledgment letters have a greatly reduced impact. Well-run development offices are able to thank all donors within 48 hours of receiving the pledge or contribution. Automated yet personalized letters are possible and absolutely essential to larger operations. Most dedicated fundraising software systems allow for the composition of multiple versions of thank-you letters. The person responsible for generating the letters can be trained to select the appropriate one.

Acknowledgments can be handled promptly only if the donation processing system is well designed with no bottlenecks. The development director, working with an accountant, should examine the current system and eliminate all obstacles to expeditious contribution processing. Nonprofit organizations must maintain adequate controls to avoid embezzlement and potential data breaches. The gift-handling system also should ensure the accuracy of the donor history and accounting information and provide information that can be used for potential upgrading or acknowledgment of giving milestones.

While there are a variety of donation processing software systems available and numerous processes for recording both online and offline gifts, it is essential that the organization choose software and methodology that place a priority on acknowledging gifts promptly. Avoiding unnecessary duplicate steps and moving the process quickly and securely through gift receipt to data entry and then to receipting can help in the process.

Many organizations not only write thank-you letters but also call to thank generous donors. Every institution has its own definition of what constitutes a generous gift and sets the threshold for a call based on that. Some organizations also call any first-time donors to extend a personal thank-you and answer any questions the new donor may have. Ideally, call and thank as many donors as possible, as this can reap great rewards in the future in terms of stronger donor relationships.

Any nonprofit organization can refine its acknowledgment policies by first agreeing on a list of giving levels and the corresponding donor benefits for each such level (see Exhibit 7.3).

Once the giving categories and donor benefits are agreed on, this information can be used to determine commensurate acknowledgments for special-event sponsors or underwriters, corporate sponsors, underwriters of capital purchases, other special contributors, and generous annual donors. In other words, the donor benefit list can serve as a general guideline for an organization's auxiliary, support group, or supporting foundation. The aim is to acknowledge various levels of support in a flexible yet consistent manner.

The suggested benefits listed in Exhibit 7.3 rely heavily on an annual event and an annual report. While these might not be the right approach for every organization, many nonprofit organizations find them helpful in their overall cultivation strategy.

## EXHIBIT 7.3 DONOR BENEFITS

## XYZ Organization Suggested Gift Categories and Donor Benefits

NOTE: We have listed modest and higher-level giving categories in order to put the giving levels in the context of a comprehensive annual giving and capital/endowment acknowledgment program. When customizing this information for your organization, use language that describes the benefits as attractively as possible. Also, use common sense when administering the program and interpreting the phrase “same as.” For example, one would not expect to receive a certificate in addition to an attractive plaque. These donor benefits are merely guidelines.

<b>Friend</b>	<b>\$25</b>
Newsletters and listing in an annual report (with donor consent)	
<b>Supporter</b>	<b>\$100</b>
Same as “Friend” plus—A special invitation to the annual open house	
<b>Sustainer</b>	<b>\$250</b>
Same as “Supporter” plus—A certificate of appreciation	
<b>Patron</b>	<b>\$500</b>
Same as “Sustainer” plus—An invitation to the XYZ Organization’s annual gala or event	
<b>Fellow</b>	<b>\$1,000</b>
Same as “Patron” plus—An attractive plaque acknowledging your generosity. (In future years, donors who have already received a plaque can be given differing acknowledgment gifts.)	
<b>Sponsor</b>	<b>\$2,500</b>
Same as “Fellow” plus—Generous acknowledgment of your support at our special event (signage and acknowledgments on programs and printed materials) as appropriate to the venue and with donor’s permission.	
<b>Guardian</b>	<b>\$5,000</b>
Same as “Sponsor” plus—An attractive guardian plaque for the donor that is permanently displayed on a donor recognition wall at the XYZ Organization.	
<b>Pacesetter</b>	<b>\$10,000</b>
Same as “Guardian” plus—An attractive Good Samaritan plaque or limited-edition special commemorative gift. Permanent acknowledgment on a recognition wall at the XYZ Organization and name published in perpetuity in the annual report.	
<b>Humanitarian</b>	<b>\$50,000</b>
Same as “Pacesetter” plus—An architectural feature of the XYZ Organization can be named in honor of or in memory of a loved one. Alternatively, a permanent endowment fund can be named.	

(Continued)

## EXHIBIT 7.3 (CONTINUED)

<b>Benefactor</b>	<b>\$100,000</b>
Same as “Humanitarian” plus—An endowment fund can be named in perpetuity in honor of or in memory of a loved one. The fund may have a restricted or designated purpose.	
<b>Philanthropist</b>	<b>\$250,000</b>
Same as “Benefactor” plus—A room or architectural feature can be named in honor of or in memory of a loved one.	
<b>Gifts of \$500,000, \$1,000,000, or more can be used to name a wing or a building. The general rule is that the donation must cover not less than one-half the actual cost of construction. However, currently unnamed existing buildings of XYZ Organization can be named for an appropriate gift based on the building’s square footage.</b>	

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## FOUR PARTS OF AN ACKNOWLEDGMENT PROGRAM

Resource development professionals view the mature acknowledgment program as having four components: donor recognition, donor benefits, permanent recognition, and involvement opportunities.

### Donor Recognition

Donor recognition begins with the letters and phone calls discussed earlier. Some organizations also find it helpful to create lapel pins or another visible sign of partnership for donors. Some recognize various gift levels; others signify that the supporter has made a planned gift to the organization.

Plaques and certificates also play a role in donor recognition and actually have a dual benefit. The very act of hanging an attractive plaque on a wall strengthens the donor’s ties with the institution. When visitors see the plaque, they are reminded of the importance of the organization.

In addition to lapel pins, plaques, and certificates of appreciation, many nonprofit organizations send their donors various tokens of appreciation: paperweights, key chains, pens, business card cases, and a host of other quality acknowledgment gifts. Donors especially appreciate such gifts when they are engraved with the donors’ name.

How the organization presents the pins, plaques, certificates, and other tokens of appreciation to the donor is even more important than the gift itself. Gracious, highly personalized letters accompanying the gift let donors know how very important and appreciated they are. If such presentations can be made in public or at a private get-together, the impact of the gift is even greater.

## Donor Benefits

Many nonprofit organizations create membership categories. At the lowest level, the member receives newsletters and announcements of events and programs sponsored by the institution. At the higher levels, the member may be invited to an annual gala, or a special event, or to other social events. At times, membership advantages include discounts to the organization's gift shop, reduced entrance fees, parking discounts, or other discounts of value to the donor. These kinds of advantages are often easier for an organization to offer if it has a physical attraction to visit, such as a garden, a museum, or a zoo, than for the nonprofit agency that does not have that kind of facility. However, creatively thinking about opportunities to tangibly show donors how valued they are can reap significant goodwill.

Some organizations offer various premiums for contributions of different sizes. A contribution of \$35 may entitle the donor to a coffee mug. Contributions of \$120 might entitle the donor to a signed book or a DVD of a popular program. This strategy works well for public television stations or other organizations that have programming that lends itself well to such premiums.

A cautionary note may be helpful here: When the donor benefits become substantial, nonprofit organizations must inform donors of the value of the quid pro quo donor acknowledgment gift. Only the portion of the contribution in excess of the acknowledgment gift is tax deductible. Each year, the Internal Revenue Service establishes the dollar value of a quid pro quo gift that is considered "substantial" and thus must be disclosed to the donor; the amount in 2016 was \$10.60. Fundraisers should familiarize themselves with IRS publication 1771 to know the latest substantiation and disclosure requirements.

A closely related concept is the gift club. Sometimes these are merely categories or gift levels published in an annual report or in a program book. These clubs include bronze, silver, gold, diamond, and platinum circles (or similar nomenclature) and president's and founder's clubs. Donors at the highest levels often are listed using terms such as benefactors, humanitarians, or philanthropists.

Gift clubs are most effective when they get beyond the published list stage. Some organizations develop a special letterhead for communicating with their upper-level gift clubs. Exclusive invitations to social and informative gatherings allow gift club members to network with one another and bond to the nonprofit organization. Other acknowledgment strategies can be combined with gift clubs. For example, lapel pins, plaques, certificates, and other tokens of appreciation can be tied to gift club levels. Gifts at the highest levels may result in permanent recognition at the nonprofit organization's facilities. However you design a gift club, be sure not to fall prey to one of the more significant problems these lead to: as a result of time constraints, organizations that put certain donors in a special

segment for more personalized treatment often end up neglecting these very donors. If you exclude a donor from the regular solicitation process to provide the added benefit of a higher level of personalization, make sure that you follow through on your good intentions.

No discussion about donor benefits would be complete without mentioning sponsorships. Individuals can be called on to sponsor a child or a family, an animal or a section of land. In this case, the donor benefit often comes in the form of letters or direct contact with the child or family, or progress reports on the well-being of the animal or restoration of the land. Similarly, individual donors may contribute to scholarship funds to be used for a specific category of students. A donor may get a thank-you letter from the student who got the scholarship. The donor might even be invited to an annual event and be seated with the student.

Another entirely different type of sponsorship is the corporate sponsorship, which works particularly well for special events, performing arts groups, exhibits, highly visible public programs, and athletic gatherings. When seeking sponsorships, it is most helpful to determine multiple levels of sponsorship and put together a generous benefit package. The benefits may include banners and signs at the event; prominent inclusion of the company name and logo in all related printed and online material (the sponsorship proposal should state how many times the company name will be included and how many people will be made aware of the sponsorship); complimentary tickets to the event; a pre- or post-event reception for the sponsors; inclusion in all advertising; and a host of other benefits unique to the specific sponsored activity.

In addition, some nonprofit organizations are successful in raising sponsorship funding for major capital purchases such as a mini-bus to transport seniors or testing equipment at a hospital. While these have a limited life span, they will be in operation for a long enough period that the donor will benefit from visible sponsorship of the item.

Again, how membership, gift club, sponsorship, and other tangible benefits are bestowed may be more important than the intrinsic value of the benefits. Each donor—at whatever level—must know that he or she is important and appreciated.

## **Permanent Recognition**

Permanent recognition often is reserved for those who make major investments in the institution. Buildings can be named for a donor who contributes at least 50 percent of the construction cost. Similarly, wings and rooms of buildings offer very significant permanent named-gift opportunities.

When planning any capital campaign (explained in detail in Chapter 14), it is customary to create a variety of permanent named-gift opportunities equal to

the number of gifts needed at each leadership level. For example, for a \$10 million campaign, it may have been determined that the following gifts are needed: one of \$1.5 million, one of \$1 million, two of \$500,000, four of \$250,000, and so on. In such a case, the organization would need to create gift opportunities, such as the naming of a wing for \$1.5 million; naming the lobby for \$1 million; naming a large conference room and a small auditorium in recognition of \$500,000 contributions; and naming four prominent rooms for contributions of \$250,000. It is even helpful to create more gift opportunities than are needed, so donors can select the named-gift opportunities that appeal most to them.

In addition to named-gift opportunities related to capital projects, some organizations create permanent recognition for major current gifts or for cumulative giving. In one institution, supporters contributing \$10,000 or more in a single year have their names added to a permanent wall display in the main lobby. In another organization, donors whose cumulative giving reaches \$50,000 have a permanent plaque placed on the donor wall; the donor also becomes a member of the president's club. In a museum, donors giving \$100,000 or more have their names carved in the stone wall of the entry plaza.

Donor walls are usually divided by gift level. Alternatively, some donor walls feature a Tree of Life, in which leaves represent one gift level and stones and acorns may represent other giving levels. When these sculptures are placed in prominent locations, they stimulate additional supporters to contribute at significant levels. Of course, some organizations encourage gifts at lower levels, while others encourage gifts at higher levels.

When designing the overall acknowledgment program, handle recognition consistently and with the consent of the donor. The gift levels should be widely publicized. And donors to one aspect of the institution's programs should not receive extravagant acknowledgments while others donating the same amount to another campaign receive little or no recognition. Acknowledgments need not be identical but should be commensurate.

## **Involvement Opportunities**

From the nonprofit organization's point of view, involvement opportunities are the most effective donor acknowledgments. Donors who are invited to join a founder's circle or advisory council can be made to feel important and appreciated when their advice and participation are genuinely sought.

When the nonprofit organization creates gift clubs, planners also include a number of social and informative gatherings to which the members may be invited. The social aspect of the gift club allows donors to form stronger relations with the nonprofit organization's leaders. The informative aspect of the

gatherings provides donors with the opportunity to learn more about the organization's vision of the future.

By establishing a gift club made up of people who have provided for an institution in wills or estate plans, an organization strengthens its ties to these key benefactors. Often named Heritage Club, Legacy Circle, or Bequest Society, the planned-gift club—which might be named for a prominent and respected person closely associated with the organization—may host an annual luncheon, an estate-planning seminar, private tours, or other social functions throughout the year. It is important to stay in touch with supporters who have remembered the organization in their wills and estate plans. After all, these are the people who are closest to the organization. Besides, many planned gifts are revocable.

The greatest donor benefit is being asked to serve. Donors feel honored and privileged to be asked to play a leadership role in the organization. Not everyone can be asked to serve on the board, but most major donors can be offered an appropriate volunteer opportunity. They may say no, but they will be flattered to have been invited.

Those who do accept an invitation to participate are drawn closer to the organization as they become more involved.

## Major Gift Fundraising

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*Let me tell you about the very rich. They are different from you and me.*

—F. SCOTT FITZGERALD, “THE RICH BOY”

*Yes, they have more money.*

—ERNEST HEMINGWAY, REJOINDER ON  
HEARING THE FITZGERALD QUOTE

**M**ajor gift fundraising encompasses the identification, cultivation, and solicitation of people capable of making significant contributions to a cause. Often the relationship-nurturing activities and the solicitations are conducted in face-to-face settings.

Major gift fundraising is the most cost-effective resource development strategy. Moreover, a major gift initiative gives an organization an opportunity to tell movers and shakers about its programs and services to people in need.

As important, such an initiative can realize an excellent return on investment. Major gift programs require only inexpensive presentation materials, a series of meetings to generate prospect names and make assignments, patience as relationships are cultivated, a method of tracking assignments, training sessions, and volunteers or staff members willing to ask for contributions.

Often it is difficult to recruit volunteers willing to solicit funds. Therefore, it is recommended that the executive director, development personnel, and a few key volunteers work to become comfortable asking for contributions. Volunteers with personal relationships with major gift prospects can help secure appointments with potential donors and may provide valuable insight into a person's assets and philanthropic interests.

Volunteers who are comfortable with the solicitation process can ask for contributions; otherwise, a staff member or a bolder volunteer can ask for the donation. All volunteers can help with prospect identification, nurturing

relationships, and making introductions. All representatives of the nonprofit can learn to become effective spokespeople for a compelling case for support.

## **WHEN MAJOR GIFT STRATEGIES ARE APPROPRIATE**

Major gift fundraising—with its emphasis on face-to-face contact and solicitation—is effective for sponsorships, underwriting special projects, pacesetting operations contributions, and capital and endowment campaigns.

### **Sponsorships**

Many nonprofit organizations conduct special-event fundraisers—golf tournaments, receptions and dinners, -athons and races, auctions, and a host of other events. Often these activities net low or modest amounts of contributed income. However, when the organization stresses the importance of high-level sponsorships, the events can net substantial funds.

In addition to special-event fundraisers, many nonprofits—especially arts organizations and institutions that conduct athletic events—find it helpful to seek sponsorships for services they provide, such as concerts, plays, exhibits, or teams and competitions.

An effective sponsorship program relies on personal contact. Higher-level sponsorships are available when the organization builds relationships with the funder and solicits the sponsorship in person.

### **Funds for Special Projects from Individuals or Corporations**

One traditional method of seeking funds for special projects or for nonrecurring high-priority organizational investments is to apply for foundation grants.

However, it is also possible to approach local corporate leaders or affluent individuals to support an organization's special projects. The donor who contributes \$250 in response to a mail appeal might well donate \$2,500 or a great deal more to help with some special need—if he or she is visited in person and presented with a compelling case. Conversely, the corporation that makes a \$2,500 annual contribution to an organization might well consider a \$25,000 contribution in response to a well-reasoned appeal—if the decision maker is visited in person.

### **Pacesetting Repeatable Contributions for Operations**

Major gift solicitations are not limited to special projects. Every organization needs healthy levels of ongoing operational support. People responsible for

fundraising can personally visit the organization's regular supporters who give consistently and at mid-level amounts and encourage them to consider increasing their annual support.

One strategy that works especially well is to create and seek pacesetter gift club contributions. People who embrace the organization's mission enjoy the opportunity to support it as a \$1,000, \$2,500, \$5,000, \$10,000, \$25,000, or more member of the Founder's Circle, President's Club, or whatever the top-level gift club is called.

## **Capital and Endowment Campaigns**

Major gift fundraising is the sine qua non of capital and endowment fundraising. Generally, people do not make six- and seven-figure contributions unless they have a close relationship to the nonprofit. Most often, this close relationship comes about after years of relationship building. And while years of relationship building are helpful, personal contact is essential for finalizing the gift. Capital campaigns succeed when early pacesetter investments are secured in face-to-face settings.

## **PREPARING FOR A MAJOR GIFT INITIATIVE**

The early chapters of this book discussed the essential preparation for major gift fundraising. The first step is to strengthen the organization. Be sure that it is worthy of support. Then carry out the suggestions dealing with prospect identification and nurturing relationships in Chapters 6 and 7. These are the vital early steps in the major gift process. When these essentials are under control, the nonprofit organization must then focus on the best prospects and refine its research.

## **Research, Ratings, and Solicitor Assignments**

First, identify those individuals, corporations, and institutions most likely to generously support the organization. Also, gather the information needed to equip the staff and volunteers for an effective solicitation. The four crucial points of research are (1) the prospect's relationship to the organization, (2) interests and hobbies, (3) capacity to support the organization, and (4) network of associates.

Remember the old adage: Successful fundraising is the right person asking the right prospect for the right amount for the right project at the right time in the right way.

Here is how prospect research supports this truism. To recruit the most suitable volunteer solicitor, development professionals need to know something about

the prospective supporter's network of associates. Who are the prospect's best friends and close associates? Who is close to the organization and close to the prospective supporter? If you cannot identify someone related to the organization who is associated with the prospective supporter, can you identify someone close to one of the prospect's friends or associates? Is that person willing to make introductions?

To identify the best prospects, fundraisers must explore their relationship to the organization. Consider these questions: Of all the people who might support the organization, which ones already have a close relationship to it or to someone in a key leadership role? Which donors already have supported the organization generously? Which affluent prospects are most likely to become the newest generous supporters because of their affinity for the mission or a close relationship with another supporter or organizational leader?

Determining an appropriate request amount often is difficult. Knowing the prospect's precise net worth is not necessary, but it is important to determine the prospect's relative level of affluence and to decide on a challenging amount to ask the prospect to consider.

Finally, the more that is known about each prospective supporter, the more likely fundraisers will choose a funding opportunity that appeals to a particular prospect's interests. Knowledge of the supporter also will enable fundraisers to determine the best timing for the solicitation and will help them make the most gracious approach.

Chapter 6 outlines a process for gathering the information needed to determine the best prospects, assign a request amount to each, and determine the ideal solicitor. Now the information can be summarized (see Exhibit 8.1) and the appropriate gift opportunity or project to offer the prospective donor determined.

## **Solicitation Timing**

The precise timing of a request for funds is as much an art as a science. A few broad guidelines can be helpful.

In general, solicit board members and those closest to the organization prior to approaching people not as close to the organization. Marketing experts tend to view this process as a series of concentric circles indicating primary, secondary, and tertiary markets. (See Exhibit 8.2.)

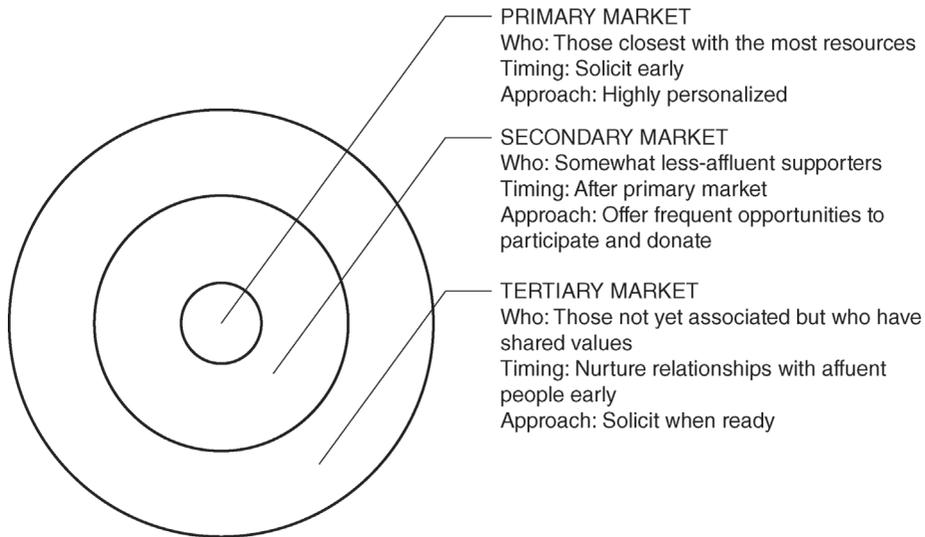
- Approach affluent members of the planning team soon after the conclusion of the planning process or soon after the needs become manifest. A supporter who has participated in the organization's planning process has become familiar with its needs. Often such a team member expects to be asked for financial support. It is prudent to strike when the iron is hot.

## EXHIBIT 8.1 SUMMARY OF PROSPECT ASSIGNMENTS

Volunteer	Prospect	Request Amount (\$)	Gift Opportunity
H. Acosta	Mr. and Mrs. Carl Davis	500,000	Name east wing
H. Acosta	Ms. Marta Aguiller	150,000	Establish permanent endowment named after late husband Frank
H. Acosta	Dr. Fred and Dr. Linda Harding	50,000	Endowment fund or executive director's office
H. Acosta	Mr. and Mrs. Martin Dell	25,000	Underwrite lecture series
H. Acosta	Lucinda Rodriguez	10,000	Friend of the Foundation
D. Barnes	Ms. Anne Quigley	25,000	Foundation in entryway
D. Barnes	Beatrice Padilla	30,000	Underwrite outreach
D. Barnes	Evelyn Park	10,000	Friend of the Foundation
B. Feldman	Mr. Jeff and Dr. Denise Matterson	50,000	Endow 2.5K annual support
J. Meyers	George and Tammi Baxter	30,000	Playground equipment
L. Winston	Dr. and Mrs. Thomas Chapen	100,000	Name waiting room
L. Winston	Allan Maynard	100,000	Name playground
L. Winston	Mr. and Mrs. Richard Ambrose	250,000	Name auditorium
T. Wong	Rev. and Mrs. Wesley Henderson	50,000	Endowment
T. Wong	Mrs. Ginny DeVoss	5,000	Friend of the Foundation

Numerous others at more modest gift levels also

- It is best to approach prospective supporters after they have had an opportunity to attend one or two informative relationship-nurturing gatherings or events.
- Be sensitive to milestones or major events in the prospective supporter's life. If the prospect's daughter is being married in two weeks, the family may be in a good mood—but it is probably too busy to consider the request at this time. However, the fundraiser could call and make an appointment for after the wedding. If a volunteer solicitor is familiar with the prospective



**EXHIBIT 8.2 Primary, Secondary, and Tertiary Markets**

supporter, inside knowledge can help the organization avoid the embarrassment of calling soon after a death or at some other inopportune time.

- Someone familiar with the prospect's assets can time a funding request to a moment when the stock or asset is valued at a high level. Conversely, solicitations may be avoided after a sharp decline in the value of the prospect's holdings.
- Invest more time in the cultivation process during campaigns with longer planning periods and with multiyear pledge payments. In such situations, it is easier to fine-tune the timing of the request. However, the danger of losing momentum by failing to ask must be avoided.
- Do not delay in approaching any prospect who has stated that he or she expects to be solicited. People who become familiar with nonprofit organizations have been known to tell a board member or key volunteer, "I heard a lot about your campaign and expected someone to meet with me for a contribution, but no one ever called." After a cultivation event, fundraisers might hear that someone said, "After that party at Mrs. Sanchez's house, I expected someone from your team would call on me." Many people of affluence, when asked why they did not make a gift to a cause known to them, reply, "No one asked me!"
- As soon as such a remark about not being solicited is heard, the fundraiser should call the prospect to make an appointment. Then the records should be checked to see whether others who attended the event have been

approached. Poor follow-up will seriously damage the fundraising effort. Some organizations plan and implement motivational cultivation events; they even make intelligent solicitor assignments. Many even get as far as determining the appropriate amount to request—but too often, the campaign falters when the organization fails to ensure that the solicitations actually take place.

- Solicit contributions from major gift prospects relatively soon after recruiting the ideal volunteer solicitor. Few volunteers are comfortable adopting a lifelong caseworker model. They don't mind helping the organization nurture a relationship with a prospective supporter. However, annual campaigns are timeline driven, and capital campaigns need to maintain a sense of momentum. A gracious solicitation can be part of a long-term relationship-building strategy. A donor who has been offered an opportunity to make a significant investment—and who is pleased with the use of the funds—often will increase his or her contributions over time. Each successful solicitation and each successful project inspire confidence.

### Materials Preparation

Once the ideal volunteer solicitor has been recruited and the appropriate amount to request and the appropriate time to solicit the funds have been determined, attention can turn to preparing the presentation materials. At this stage of the resource development process, a written case for support should be available. The organization might even have a video version of its case statement. Since a great deal more is now known about the organization's best prospects, the development team can personalize the case statement for each crucial presentation.

The campaign volunteers will also need pledge cards (or another means to record a pledge) for the board campaign (see Exhibit 8.3) and for other donors who are being solicited (see Exhibit 8.4) and a Call Report Form (see Exhibits 8.5A and B).

A simple plan to follow involves the use of a presentation folder. Here are some of the materials that may be placed in an attractive solicitation folder:

- *A personalized case for support.* The cover sheet may read "Information Prepared for Mr. & Mrs. Joseph Samplename." When using presentation folders, the cover sheet can be designed so that the personalized inscription appears above the folder flap. In this way, the prospective supporter's name is prominent.

The content of the case for support should also be personalized. As stated in Chapter 4, reformat the materials and stress the points that resonate with the specific donor.

**YES!** As a member of the Board, I want to help the XYZ Nonprofit save lives and prevent illness.

I pledge \$ \_\_\_\_\_ to be paid on or before \_\_\_\_\_ (date)

Name: \_\_\_\_\_

Preferred Phone Number: \_\_\_\_\_

Preferred Email Address: \_\_\_\_\_

Signature: \_\_\_\_\_

*Thank you for your generous support of XYZ Nonprofit.*

**EXHIBIT 8.3 Board Pledge Card**

- Financial data.* Many major gift prospects are people with business acumen. They want to know that a project is well planned. They feel assured when the organization has been operating without deficits for some time. For some donors, pie charts and summary financial information are sufficient. Others require more detailed information, such as audits, financial statements, the annual 990 filing, project budgets, and multiyear projections for both expense and income. With major capital projects, many businesspeople, especially, appreciate multiyear projections that include the income

**YES!** I want to help the XYZ Nonprofit save lives and prevent illness.

I pledge \$ \_\_\_\_\_ to be paid on or before \_\_\_\_\_ (date)

I will pay by pledge  Monthly  Quarterly  Annually  \_\_\_\_\_

I would like my contribution(s) to be used for:

Greatest need  \_\_\_\_\_ (designation)

My first payment is enclosed:

<input type="checkbox"/> Check	<input type="checkbox"/> Credit Card
<input type="checkbox"/> Please contact me about setting up automatic withdrawals.	<input type="checkbox"/> Please charge this credit card each time my pledge payment is due.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Preferred Phone Number: \_\_\_\_\_

Preferred Email Address: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Thank you for your generous support of XYZ Nonprofit. You may revise or cancel this pledge if circumstances require.*

**EXHIBIT 8.4 Regular Pledge Card**

**EXHIBIT 8.5A CALL REPORT FORM—SHORT VERSION**

**XYZ Nonprofit Contact Report Form**

Volunteer or staff name: \_\_\_\_\_

Person contacted: \_\_\_\_\_

Date of contact: \_\_\_\_\_

Notes: \_\_\_\_\_  
 \_\_\_\_\_

Follow-up action needed: \_\_\_\_\_

By when: \_\_\_\_\_

Please return to Development Office. Use other side for additional notes.

**EXHIBIT 8.5B CALL REPORT FORM—LONGER VERSION**

**Interaction Summary**

Volunteer or staff name: \_\_\_\_\_

Person contacted: \_\_\_\_\_

Date of contact: \_\_\_\_\_

Where did contact take place? \_\_\_\_\_

Goals of meeting: \_\_\_\_\_

Solicitation request amount (if any): \$ \_\_\_\_\_

Gift opportunity, if any: \_\_\_\_\_

**Results of Interaction**

General summary

\_\_\_\_\_  
 \_\_\_\_\_

Follow-up:	What	By Whom?	✓ when completed
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Pledge total: \$ \_\_\_\_\_ To be paid by: \_\_\_\_\_

Initial gift of: \$ \_\_\_\_\_ By date: \_\_\_\_\_

Reminder statement information: \_\_\_\_\_

Other comments: \_\_\_\_\_  
 \_\_\_\_\_

Sent meeting thank-you on: \_\_\_\_\_

Sent pledge thank-you on: \_\_\_\_\_

Follow-up dates and comments entered into database \_\_\_\_\_ (initials)

and expenses related to the capital project as well as to the organization's operations. Such donors want to be assured that the project has been planned well and that the increased operational expenses related to it have been anticipated. They want to know that the project can be sustained once it is established.

- *Project description.* If the specific project that funds are being requested for is not integrated into the case for support, a separate document describing the project must be included. State the project benefits in terms of the people helped or mission accomplishments to be achieved rather than from the perspective of the organization's needs. Whenever possible, choose a project that will have the greatest appeal to the specific prospect being approached.
- *Other promotional materials.* Do not overload a presentation package. Anything included should be strategically chosen to help present the case and assure the donor of the viability of the organization and this project. You may want to include the latest newsletter, a positive press article, a well-produced brochure, or appropriate endorsements. The case for support should be the most important piece in the presentation folder; the other promotional materials should exist to support the case statement.
- *Donor benefits and/or gift opportunities.* If the organization has established gift clubs and benefits, include this information in the presentation folder. One note of caution, however: customize the gift club information to the gift amount or range you are requesting. In other words, if the prospect will be asked to consider a contribution of \$5,000, do not include a gift page that shows gift amounts ranging as low as \$100 or \$500. A sheet that shows all the gift levels from \$2,500 to the top gift category may be included. Psychologically, this gives the prospect a bit of wiggle room slightly below the target range. As important, it lays the groundwork for the prospect to consider larger requests.
- *Request for funds.* There are many ways to customize a presentation package and include a specific request for funds. Some organizations include a personalized letter to the prospect in their presentation materials. The letter summarizes the case for support and includes a phrase such as "Because of your outstanding leadership in our community, we are honored to offer you an opportunity to participate in our Founder's Circle with a contribution of \$1,000 or more."

Other organizations include a specific request for funds in their case for support. The final section in that document might be titled "Our Request to Mr. & Mrs. Specific Prospect Name." (See Exhibit 8.6.)

**EXHIBIT 8.6 SAMPLE REQUEST TO INCLUDE AS SECTION OF PERSONALIZED CASE STATEMENT****Our Request to Kevin and Carla Rowlands**

The last two decades have proven to be very difficult for children facing emotional challenges. Government cutbacks, changes in healthcare funding, and added pressure on traditional support systems all have had an adverse impact. This presents an urgent need that our organization is committed to addressing immediately.

As people who care about the XYZ Nonprofit Organization, you have a deep understanding about the important work we do. You know that your contribution is an investment—an investment in children who need the best possible therapy and emotional support in order to grow up to be healthy and productive adults.

Please consider a leadership contribution of \$25,000—or even more if you are able.

Your generosity will be acknowledged with a plaque on the Wall of Honor in our lobby, and you will receive a six-month and one-year report on the impact your investment has made.

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Still other nonprofit organizations include a separate sheet with a title such as “Our Request to Mr. & Mrs. Specific Prospect Name.” This format works especially well with presentation folders with staggered sheet sizes.

Another option is simply to include a gift opportunities page. Again, be careful not to include gift levels substantially below the target amount. When using a gift opportunities page with gift levels higher than the target amount, the solicitor can be trained to say, “We need gifts at all of these levels. Where do you see yourself participating?” It is surprising how often donors choose amounts greater than the solicitation team anticipated.

The most important thing to remember is that the presentation package should include information about the gift range requested and amounts greater than the requested amount. Often volunteers and key staff members hesitate to request specific contributions. However, presentation materials go a long way toward overcoming that reluctance. When the materials request \$25,000, the prospect is not left wondering whether a \$500 gift or a \$250,000 contribution was expected.

Even though the presentation materials tell the case for support and contain a request for funding, the materials cannot stand on their own. These presentation packages are developed for a personal presentation, not to be mailed to the prospects. Volunteers and staff members bring the folders with them to their appointment with prospective donors.

**Solicitor Makes Financial Commitment**

Prior to requesting funds from others, the members of the volunteer solicitation team—board members and other key volunteers—make their own financial commitment. Those closest to the organization must set the pace. This question

bears repeating: If those closest to the organization are not committed enough to give generously, how can others be expected to give?

An increasing number of major donors are becoming tuned in to a nonprofit organization's critical success factors. They want to know whether 100 percent of the board has donated. They want to know whether the person requesting funds is a donor. They want to know that the organization is strong—and whether the people involved are committed.

This is also a concern of many grantmakers, and not having 100 percent participation as a donor by the board of directors can prevent your organization from having the ability to initially approach the potential funder for support.

### **Getting the Appointment**

More money is lost during the process of getting appointments than at the actual solicitation visits. If fundraisers succeed in getting a face-to-face appointment, the chances are quite favorable that they also will receive a financial contribution. However, if the appointment is not gotten, most likely the organization will receive nothing or only a token contribution.

Here is some advice for increasing the odds of getting the appointment:

- Whenever possible, recruit a volunteer to whom the prospective supporter cannot easily say no.
- Offer the prospective donor a choice of dates. (Example: “We can get together late this week or late afternoon on Monday or Tuesday. What works best for you?”)
- Remember, the most important objective now is to get the appointment. If the prospect asks, “Are you going to solicit me for the campaign?” reply, “The most important thing now is that key people such as yourself have a good idea of what’s happening. Should you decide to invest in the campaign later, that would be your decision. And I won’t take more than 20 minutes of your time. Which works best for you, Monday or Tuesday?”
- Define success as getting the appointment. Let it be known, in all volunteer training and everything done and said, that the organization’s most important indicator of success is the ability to get face-to-face appointments with potential major donors. Track how many actual solicitations occur. Does the number of solicitations increase from year to year? Once this information is tracked and the importance of obtaining appointments is stressed, the nonprofit organization will experience a dramatic increase in contributions.

## **THE SOLICITATION INTERVIEW (HOW TO ASK FOR A MAJOR GIFT)**

There are six steps to a model solicitation:

1. Build rapport.
2. State the case for support.
3. Encourage involvement.
4. Summarize benefits and close.
5. Be quiet.
6. Respond appropriately.

### **Build Rapport**

Take the time to relax and reestablish the relationship or ask some easy open-ended question to break the ice. This is a very natural process. However, some people who are uncomfortable with the solicitation process might forget this step. A nervous volunteer or staff member might even jump into the solicitation without even saying, “Hello. How are you?”

If there is an opportunity to meet at the prospect’s home or business, it will be easy to find an opening question just by looking around. What looks interesting? Perhaps there is a football signed by a famous coach or player. Perhaps it is a collection of cut crystal or a prominent display of family photos. Every prospect’s environment offers clues as to what is important to that person.

Simply say, “That’s a beautiful collection [or what-have-you]. There must be a story there.” Then, be quiet and be prepared to hear an interesting story.

At solicitations, spend more time listening than talking. Don’t try to top a prospect’s story. When a prospect is through with the story, he or she might say something such as “Oh, but enough about that. You must have something to say about your organization.” The words won’t always be the same, but the prospect usually indicates that the story is over and now would be a good time to hear about the agency.

### **State the Case for Support**

Use this opportunity to refer to the written materials. Many experienced fundraisers find it helpful to hold onto the presentation packet and the case for support, pointing out highlights while they speak. In this way, they avoid the awkwardness of speaking while the prospect is reading and thumbing through the materials.

More than anything, fundraisers must speak from the heart and tell the prospective donor why they believe the organization deserves support. Volunteer

solicitors should focus on the stories and facts that moved them. The prospect will sense the volunteer's sincerity and enthusiasm.

Everything said about the written case also applies to any spoken presentations. The case must revolve around the problem being addressed—and the people being served—rather than focusing on the organization addressing the problem. When fundraisers speak about an organization, they should focus on the organization's strengths and abilities to address the community's needs rather than the institution's needs. Focus on how the organization serves people.

### Encourage Involvement

As fundraisers state the case for support, they should pause from time to time to ask the prospective supporter questions.

Someone raising funds for a preventive healthcare program might ask, "Do you think it makes sense to try to prevent disease rather than putting all of our resources into treating illness?" Someone raising funds for an educational institution might ask, "Where does education fit into your philanthropic priorities?" If the agency has touched the lives of most people in the region, the donor might be asked, "Do you know of anyone who has been helped by—or whose life has been touched by—our organization?" Volunteers or staff members might also ask open-ended questions, such as "Does any part of our organization's case for support especially appeal to you?"

Often questions such as these encourage the prospective supporter to state the case for support in his or her own words.

One more crucial bit of advice: *Listen, listen, listen.* When the prospect is speaking, fundraisers must set aside their concerns. Do not try to anticipate what the prospect will say. Do not make judgments about the prospect's observations. Do not give rise to autobiographical responses; related life experiences are unnecessary. As Stephen R. Covey, author of *The 7 Habits of Highly Effective People*, says, "Seek first to understand, then be understood." As he explains in his writing about empathic communication, "Most people do not listen with the intent to understand; they listen with the intent to reply. They're either speaking or preparing to speak. They're filtering everything through their own paradigms, reading their autobiography into other people's lives."

Feel what the prospect feels. Hear what the prospect says. If the prospect has a positive impression of the organization, move forward with the summary of benefits and the request for funds. To the extent possible and natural, use the prospect's own words and thoughts to state the case for support.

If the prospective supporter has concerns or objections, handle these with grace and poise. Do not argue with the prospect. Fundraisers never win arguments with prospects. Communications experts also say that "Yes . . . but . . ." phrases and

replies should be avoided. Most humans never hear a word after the word *but*; they have completely tuned out the balance of the message. Those whose thinking patterns go in this direction can practice using “Yes . . . and . . .” phrasing. For example: “Yes, I have heard your concern before. And the organization has made considerable progress addressing that issue.”

Many people with exceptional communication skills find it helpful to use the *feel-felt-found* model for responding to objections. Here is an example of how the model might work. Suppose a representative of a nonprofit agency that helps homeless people is visiting a prospective supporter who says, “I’ve got to tell you, I’m really skeptical about the long-term benefits of your program. Lots of folks you help don’t do anything to lift themselves up.”

Using the *feel-felt-found* reply, the representative of the homeless agency might say, “You feel distressed that so many homeless people contribute to their own problems and don’t seem to take actions that would enable them to help themselves. I can tell you that you’re not alone. Others felt that way. What they found out was that at our homeless shelter, we have more than 100 people in programs that address the root causes of homelessness. Some are in substance abuse programs. Some are learning to use computers or other office tools. They’re all enrolled in programs that teach them job skills.”

The benefit of this model is that fundraisers begin with a statement that indicates that they understand how the prospect feels: “You feel that . . . .” The *felt* phrase has two subtle benefits: (1) It assures the prospect that he or she is not alone, and that others share that point of view. (2) It places the concern in the past tense. The *found* phrase allows people to supply new information and respond graciously to the concern.

At times, a prospect may raise an objection or a concern for which the fundraiser has no ready reply. In such cases, it might be helpful to use the *bottom-line reply*. Here is how it works. Imagine a volunteer solicitor raising funds for a rural hospital who hears for the first time something like this: “I’ve heard that the emergency room at your hospital is a nightmare. People have to wait a long time. And I’ve even heard some say that the quality of care there is not what it should be.”

In situations such as these, the volunteer can begin by acknowledging the seriousness of the issue and the depth of emotion. He or she might say something such as “I haven’t heard that before. It surely sounds like a serious issue. I’ll try to find out more about that for you, and I’ll definitely get back to you.”

Now the volunteer transitions to the *bottom-line reply* by saying, “Everyone I know on the management team is dedicated to continuous improvement and quality control. So I know they’ll want to hear about your concerns. I speak to a lot of people about this hospital. And their bottom line is that this hospital is the only one within 75 miles. It is crucial to the healthcare of people in our region. We’ve got to work together to make it as strong as possible.”

By bringing the conversation to the organization's strongest points, often objections can be overcome—and prospects can be recruited into the efforts to improve the organization and provide the financial resources needed to keep it strong.

In addition to asking questions and handling objections, asking for advice may be helpful. Questions such as “What can our organization do to better address the needs of the people we serve?” and “Are there any services we should be offering that we are not currently offering?” are helpful when the organization truly is open to new ideas. The following questions are also helpful: “Do you have any advice on how we can recruit more volunteers?” “Do you know of other people who might be interested in our organization?” “Would you be willing to introduce our organization to some of your friends or business associates?”

Perhaps the most important advice that could be sought concerns the solicitation itself. Questions such as “What is the best way to approach your company?” and “We were thinking about requesting \$25,000 from your company; is this a realistic amount to request?” are positive ways of getting the prospective donor to support the cause.

### **Summarize Benefits and Close**

Learn to recognize the words and body language that indicate that the prospective supporter is moving toward acceptance of the case statement. One clear sign is when fundraisers have asked an open-ended question and the prospect has replied with positive comments about the organization. Other signals may be more subtle. One positive sign is when the prospect shifts body position and leans closer. If the prospect's arms had been folded across the chest but he or she shifts and adopts a more open attitude, that is also a positive sign. Also notice when the person is beginning to ask positive questions about the organization. Just listen and watch. Soon fundraisers will develop a sixth sense about the prospect's attitude toward the pending request for funds.

Some people with fundraising responsibility get so wrapped up in their case for support that they continue speaking well after the prospect has indicated a willingness to support the cause. A better approach is to summarize the case and graciously request the contribution soon after the prospect has indicated a positive attitude toward the cause.

When speaking with prospects who have affirmed their support for the case, you may say something such as “You have a good grasp of how much our organization does for the people of our region. And to continue our programs, we are going to need gifts at these leadership levels.” (Bring forward the gift opportunities page, indicating investments at the rated range and higher.) “Where do you see yourself participating?”

Alternative language might sound something like this: “You know that a great city needs a strong symphony orchestra. Such an organization is crucial to the cultural and economic life of our community. So I hope you are in a position to consider membership in our Golden Circle with a contribution of \$1,000 or more.”

When speaking with a long-term, loyal supporter of the organization, close with the following: “You have been so important to our organization. And you know how much this project will mean to so many people. Our campaign leaders want to offer you the opportunity to make a significant investment in this campaign. Your \$5 million contribution will allow us to have the strongest possible start to the campaign and also will allow us to name the new center in memory of your husband, Ralph.”

Before going on any call, have in mind what closing to use. Of course, be flexible. If in the course of the conversation the prospect indicates an aversion to large named-gift opportunities, do not emphasize the naming opportunity. Rather, focus on the level of investment needed to better serve the people who rely on the organization. Again, the ability to listen is the key to success.

When training volunteers, summarize the benefits of the three closings illustrated here:

1. *To better serve those who come to us for help, we will need gifts at these levels. Where do you see yourself participating?*

This closing allows the volunteer or staff member to rely on the gift opportunities page that has been customized for the individual prospect. Those planning to request \$5,000 or more may show the gift opportunities page with all of the investment levels from \$2,500 to the top ranges. Many prospects will choose an amount greater than their rating.

The other benefit of this approach is that many people can never bring themselves to actually ask for a specific gift amount or range. The “Where do you see yourself participating?” question avoids any direct mention of the dollar amount. Therefore, many volunteers find this a very comfortable and gracious way of indicating the gift request range.

2. *I hope you are in a position to consider a pledge of \$X,XXX or more to help us . . .*

Please notice that this phrase has every conceivable word to soften the impact of the direct request. The phrases “I hope,” “you are in a position,” “to consider”—when strung together—create the impression that the volunteer solicitor has not judged the prospect’s capability to give. Moreover, there is even an implication that the volunteer solicitor hopes that the person is doing so well financially that he or she can make a significant contribution.

This golden phrase is a priceless addition to anyone's fundraising vocabulary. It is well worth memorizing and practicing until it sounds entirely natural.

3. *We would like to offer you an opportunity to make a significant investment in . . . Your pledge of \$XXX,XXX will allow us to . . .*

Douglas M. Lawson, PhD, author of *Give to Live*, liked to stress the importance of the two Os—offer opportunities. Significant projects grow out of a sense of involvement. Donors who want to make a wholehearted investment in your cause appreciate being offered an opportunity to manifest their personal connection to your institution.

## Be Quiet

After the closing question or closing statement has been posed, be quiet. Wait for the response.

If ever there were a time when the expression “Silence is golden” made sense, this is it. Salespeople like to say, “After the close, whoever talks first loses.” Prospective supporters never lose by stating what is on their minds. However, many contributions have been lost because the volunteer or staff member spoke too soon.

What might happen if the fundraiser were to speak too soon? What is the fundraiser likely to say?

In role-playing situations, observers note that it is human nature to project one's greatest fear and even put forward a response to a concern that the prospect never even mentioned. Volunteers may say something like this: “I hope you are in a position to consider a pledge of \$25,000 or more [very slight pause]. But I know you are very generous to so many other charities so anything you can do would be appreciated.”

In this case, the fundraiser talked him or herself out of the gift before the prospect even had a chance to think about the request.

Some people find it very difficult to wait for a response in utter silence. They become very uncomfortable. Seconds seem like hours. Still, do not speak.

If, in the rare event that the prospective supporter appears also to have decided not to speak first, and the tension gets to be too much, some fundraisers have broken the impasse by saying, “My mother always told me that silence means consent. Can I safely assume that your silence means that you have decided to contribute the amount we have requested?” In this rare situation, words like these can break the ice. The prospect might even laugh and contribute what was requested.

## Respond Appropriately

To respond appropriately, fundraisers must know what the prospect is thinking. After the closing, the prospect's response is usually *yes*, *no*, or *maybe*.

If the prospect's response to the request for funds is *yes*, repeat the understanding and tie down all of the details. Say: "Thank you so much; that's very generous. Let me make sure I have all of the information correctly. You are pledging \$2,500 a year for three years. Would you expect to be making your contributions monthly, quarterly, semiannually, or annually? By the way, do you prefer your acknowledgments as Mr. and Mrs. Harvey Generous or would you prefer we list you as Harvey and Gladys Generous?"

By repeating the understanding, discussing pledge payment schedules, and reaffirming acknowledgment details, the fundraiser is also taking a most important first step in cementing the relationship with the donor and ensuring pledge fulfillment.

If the answer is *no*, first determine what the *no* refers to. Say you said something like "I hope you are in a position to consider a contribution of \$2,500 to our annual campaign." If the prospect says "I don't think I could do that," a moment's reflection will indicate that the person has declined to donate at the level requested. A fundraiser might respond, "What level of support would you be comfortable with?" or "Of course we need gifts at all levels. Might you be more comfortable with a contribution of \$500 or \$1,000?"

If the prospect appears to be saying *no* to a contribution, the fundraiser has several options. In cases in which the prospect is extremely important to the campaign—and the fundraiser believes that the prospect might respond favorably with a pacesetter contribution in response to further cultivation—the fundraiser might say, "Oh, please don't decide 'no' today. Let me get you some more information and we can talk about your involvement later." If the prospect is not absolutely crucial to the campaign, the volunteer or staff representative of the nonprofit might suggest a pledge that can be contributed over a longer period of time or suggest a more modest gift. If, however, the nonprofit representative senses a true and final *no*, the fundraiser should graciously thank the prospect for his or her time, saying something such as "Thanks so much for meeting today. I hope that you are open to my staying in touch with you to report on our progress, and that you may reconsider a gift sometime in the future if you are in a position to do so."

Most "maybe" responses come in the form of requests for time to consider the contribution. In such cases, the solicitor might say, "I thought you might want some time to think about this contribution. That's why I put together these materials for you to look over. When do you think you might make your decision? I can call you in a week or two to discuss this. Would that work for you?"

At this point, remember one of the keys to fundraising success: Do not leave a pledge card!

Anyone who leaves a pledge card has lost control of the situation. Prospects who say “Give me a pledge card and I’ll send something in” rarely do so.

Many contributions are lost because of a lack of follow-up. Keep the solicitation process moving forward by pinning down the date or time frame to call back for a follow-up meeting or decision. Then be sure to follow through by contacting the prospect again.

## **AFTER THE SOLICITATION**

Whether the prospective supporter said yes, no, or maybe, send a brief (preferably handwritten) note of thanks for the visit. Of course, if the prospect said yes to the request, also acknowledge the contribution or pledge. If the prospect is undecided, use the thank-you letter to remind him or her of the request amount.

If the prospect said no, use the thank-you note to serve as a bridge to the organization. Include phrases such as “Thanks for your time and advice yesterday. I know that this is not the best time for you to consider a contribution to XYZ Nonprofit Organization. However, let me send you some information from time to time. The work we do is so uplifting, I believe you might enjoy hearing about the organization as it moves forward with its services to people in our community.”

The more personal the thank-you or other follow-up note sounds, the better. Most organizations with mature fundraising programs find it necessary to automate the acknowledgment process. However, even computer-generated thank-you letters can be written to sound warm and personal. A thank-you should not be sent via email unless a prospect has requested to only receive email from you. An email is far too easy to overlook and lacks the personal feel of a mailed thank-you message.

After writing the thank-you note for the visit, think of ways to involve the supporter in the life of the organization. Is there a committee on which the supporter might serve? What upcoming activities might the supporter be invited to? Whenever possible, recruit the supporter for an active role. In all cases, keep him or her well informed about the organization.

## **SOLICITATION TRAINING AND ROLE-PLAYING**

We start with the premise that the people serving on the campaign team or on the board of directors are intelligent people with a reasonable degree of interpersonal competency. Most likely they are community leaders and people dedicated to your cause.

With this in mind, development professionals must be careful not to overtrain team members or undermine their confidence. Most community leaders do not need to be taught how to build rapport. The actual solicitation is a natural process that can be handled any number of ways. The most important aspect of training is to stress the importance of getting the appointment. Next, devote as much time to role-playing as possible to increase everyone's comfort level. Keep training materials concise. The sample advice to the volunteer or staff solicitor in Exhibit 8.7 might form the basis for the orientation session.

**EXHIBIT 8.7****ADVICE TO THE VOLUNTEER OR STAFF SOLICITOR****Steps for Securing Major Gifts**

Please consider going on your calls with a team member. If you decide to go solo, the following suggestions might prove helpful.

***Before the Solicitation***

1. Make your own donation first. It will inspire confidence in your prospective donors.
2. When calling for the appointment, offer the prospective donor a choice of dates. Example: "We can get together late this week or late afternoon on Monday or Tuesday. What works best for you?"
3. Please do not slip into a solicitation when you are calling for the appointment. The most important objective at that moment is to get the appointment. If the prospect asks, "Are you going to solicit me for the campaign?" reply, "The most important thing now is that key people such as yourself have a good idea of what's happening. Should you decide to invest in the campaign later, that would be your decision."
4. Know your facts. Be familiar with the case for support. Be sure to read the literature in your solicitor's kit. More important, decide on a few key points that move you personally.
5. Know what you are going to ask your prospect. Please review the request amount on your prospect list. In addition, the presentation materials contain customized gift opportunities for each prospect. Practice saying a closing line based on this information.

Some examples of the most gracious way to ask for the gift are: "I hope you are in a position to consider a gift of \$2,500 to help us move forward." OR "For this campaign to succeed, we will need gifts at these levels [present gift opportunities page]. Where do you see yourself participating?"

Please memorize the closing sentence that works best for you. Remind yourself about the importance of **Silence** after the ask.

***At the Solicitation***

1. Relax. Build rapport. Chat about the prospective donor's interests and any common interests you may share.
2. Speak about the campaign and how the projects will help your organization continue to better serve the community. Ask some involvement questions. Listen to the prospective donor's thoughts about your organization. If the prospect asks a question or a concern you can't answer, make a note of it and tell the prospect you will get back to them with the answer; then move on.

## EXHIBIT 8.7 (CONTINUED)

3. As soon as you have heard the prospect state a positive opinion, **Close**. Present the gift opportunities page and ask for a contribution, suggesting a specific amount or say, "For this campaign to succeed, we're going to need pledges at these levels. Where do you see yourself participating?" Then remain silent and wait for prospect to reply.
4. Tie down any loose ends. **(Never leave a pledge card!)** Repeat your understanding of the total commitment and the approximate anticipated pledge payment schedule (for example, annually in December, quarterly, or any special arrangements).

If the prospective donor needs more time to think about his or her decision, set up a date for a follow-up meeting or reconfirm when the decision will be made.

Again, thank the prospect for his or her time.

***After the Solicitation***

1. Complete the Call Report Form to record the total gift or pledge and expected payment dates. If the prospect has not yet made a firm commitment, use the Call Report Form to indicate the follow-up date. Return the Call Report Form to the office with the results of the meeting.
2. Please make time to send a brief, personalized thank-you note to the person you visited. Of course, all pledges and contributions will be promptly acknowledged and the donor(s) thanked by our staff.

If there is something you don't understand or are unsure about, don't hesitate to ask. If you wish, you can give the director a call for advice and encouragement a day or two before going on any solicitation visit.

If you want a team member to make the solicitation with you, please let us know.  
Thank you!

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Remember to keep it simple and make every effort to inspire confidence. Then reap the rewards.

## Direct Response: Mail and Online

*Of all those arts in which the wise excel, Nature's chief masterpiece is writing well.*

—JOHN SHEFFIELD, "ESSAY ON POETRY"

**D**irect response programs online and offline serve four functions: (1) to acquire new donors—solicitations sent to people who have never donated to your organization; (2) to encourage current donors to give again and potentially increase their gifts; (3) to renew lapsed donors—solicitations sent to previous donors who have not donated during the most recent year, or a longer period, depending on how your organization defines lapsed; and (4) to bolster public relations and provide information.

One of the critical lessons every fundraiser must learn is that direct response is not about creating beautiful messages that emphasize design. Oftentimes, the most successful direct response is the least attractive. Successful direct response does the best job communicating in a way that is easily consumed by the recipient. The message is easy to understand, and the call to action is impossible to miss. It is hassle free for a donor to respond with a gift. Trying to create a work of art both in terms of the words and the graphics is one of the most common reasons direct response fails. Your reader is likely in a hurry and skimming the message you sent (either in the mail or online). If that donor has to work too hard to understand what you are saying, he or she will likely move on to another message.

So remember—it's not about what you like; it's what the donor will respond to. That means your direct response must be conversational and give a clear presentation of both the need and what you are asking the donor to do in response to that need. If you are in any way ambiguous, you risk being ignored.

## ACQUISITION MAILINGS

Typically donor acquisition mailings do not pay for themselves in terms of the cost of the mailing compared to the initial income received. However, as donors renew and increase their contributions, their cumulative giving can grow to significant levels, and future mid-level and major donors often first gave to the organization from an acquisition mailing. Another challenge is that some sources of new donors do not provide sustainable donors—those who give year after year. This is especially true of donors who give to sponsor an activity participant or to help fund a single project that appeals to them. As a result, a fundraiser must continually work to recruit new donors instead of cultivating relationships with ones already acquired. Moreover, any in-house list will suffer from attrition over time. Some donors lose interest in the cause. Some move away. People die. Financial circumstances change. In order for the number of donors and contributed income to increase, nonprofit organizations must actively seek to acquire new donors, and mailings are often one of the best ways to do that.

A few words about the economics of donor acquisition might be helpful at this time. For simplicity's sake, consider a 10,000-piece mailing to nondonors as our example. (Larger nonprofits may test multiple mailing lists of 5,000 names each as a first step—with the expectation of mailing hundreds of thousands of letters to the best lists in the future. Alternatively, a nonprofit may send the same mailing with one variable—a different envelope, for example, or different letter copy—to equal numbers of prospects from a single list.) Suppose creative, production, and postal costs total \$0.80 per piece. In this instance, it costs the organization \$8,000 for the project. Now assume that there is a 1 percent response rate; this means that of the 10,000 pieces sent, 100 respondents send in a contribution. Further assume that the average gift is \$36. Multiplying the \$36 by the 100 donors means \$3,600 in income is contributed. To summarize:

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\$3,600	Income from 100 gifts @ \$36 per average gift
–\$8,000	Expenses from 10,000 pieces sent @ \$0.80 per piece
<u>(\$4,400)</u>	Net loss from the project

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Does this make economic sense?

Many key volunteers, board members, or inexperienced staff may be quick to reply that such results do not justify the effort involved in mass mailing to prospects. To make matters worse, the results look even bleaker when larger-scale mailings are contemplated. However, don't be too quick to judge. This is one of

the few counterintuitive cases in fundraising. Surface impressions and intuition can lead us astray.

In this case, \$4,400 was “lost,” but the organization gained 100 new mail-responsive donors. Are the names of people who are interested in the cause and who are mail responsive worth \$44 each? Remember that between 25 and 50 percent potentially will donate again. So, with an aggressive renewal program and mailings several times a year, costs can be recovered within one or two years. And a number of these new donors will stay on the mail list for years to come. Many will increase their gifts—some significantly. A few may even remember the organization in their wills or estate plans.

To sum up, never make decisions based on one mailing alone. Examine the mail program with a multiyear view. With such an outlook, donor acquisition programs can become very significant.

Still, mail programs should be cost-effective. Ask, “What is a reasonable amount to invest in a donor acquisition program?” Several rules that might help are: If net income is gained from donor acquisition mailings, the program is highly successful. Donor acquisition mailings that break even are still way ahead. If costs exceed income, calculate the cost to acquire each new donor ( $\text{net loss} \div \text{number of new donors} = \text{cost to acquire a new donor}$ ). If the cost to acquire a new donor is in the \$50 to \$65 range, it is probably an acceptable investment. Costs can be recovered over the next several months and net contributed income increases as the list grows. Another way of calculating the effectiveness of an acquisition program is to monitor the ratio of the income to the total expenses. If 75 percent or more of the costs are recovered, the program is doing very well. If between 50 and 75 percent of the costs are recovered, it is doing well. If results are not this favorable, carefully analyze them to determine whether there are changes you should make to justify continued investment.

Another question arises. How many donor acquisition pieces should the organization mail each year? A number of factors enter into this decision, including the organization’s attrition rate (that percentage of donors that do not continue to give year-over-year), the number of mailable households in the market, the funds available to invest, and how significant the mail program is to the overall development effort. Still, some general rules might be helpful.

Assume that the goal is to increase the number of donors by 10 percent next fiscal year. For simplicity’s sake, assume that there are 1,000 active donors this fiscal year. Of course, not all of these donors will renew. An organization is doing well if 65 percent of the donors renew their support from year to year. So, if an organization does nothing other than communicate with existing donors, the 1,000 donors will decline to 650 donors. This is not good. Besides, the goal is for the number of donors to increase 10 percent, to 1,100 donors. Thus, if no one engages in donor acquisition, the organization may be 450 donors short of the

goal. Therefore, to increase the number of donors 10 percent, those lost through attrition must be replaced, and even more new donors must be gained. What can be done to gain 450 new donors? Remember, typical response rates for donor acquisition mailings range from 1 to 2 percent. Someone with access to a very productive prospect list and who has a strong message with a mailing that has been tested and refined over time might achieve the 1.5 percent response rate. Even with this favorable response rate, 30,000 pieces would have to be mailed to acquire the 450 new donors.

Consider this: The organization started with 1,000 donors; a 35 percent attrition rate is anticipated; a goal of 1,100 donors was set; 450 new donors must be acquired (350 donors to replace the normal attrition + 100 new donors); and a 1.5 percent response rate was assumed. Algebraically,  $1.5\% \times X = 450$ , where  $X$  equals the number of pieces that must be mailed. Changing the expression,  $450 \div 0.015 = 30,000$ . Thus, 30 times the number of original donors must be contacted to achieve a 10 percent increase in the number of donors supporting the organization.

Even readers who do not understand the math can remember this:

*The number of acquisition pieces mailed each year must be significant enough to both replace donors lost through attrition and to allow growth of the donor file.*

Critical to making any decision about acquisition mail is to determine your organization's attrition rate. You can calculate this for any 12-month period. First, for the prior 12-month period, determine how many donors made a gift. These may be first-time donors; those who made a gift in the prior 12 months and then gave again in that 12-month period; and those who gave sometime before the prior 12 months that were renewed in that 12-month period. Then determine how many of those people gave in the current 12-month period. Subtract that number from the number of donors giving in the prior 12-month period. Divide the remainder into the number of donors in the current 12-month period. That number expressed as a percent is your attrition rate.

For example:

Total donors in prior 12-month period	5,000
Number that gave in this 12-month period	3,250
Attrition Rate: $(5,000 - 3,250) \div 5,000$	.35, or 35%

Organizations with other sources of sustainable new donors each year may not need to mail as much. Similarly, if income does not justify the long-term investment or if cash flow cannot handle the acquisition program, modify the program. If the number of names available in the market is not sufficient to grow the current donor base, consider writing to the best prospect lists multiple times a year—as long as response rates are favorable. For mail acquisition to work, production costs must be kept as low as possible, and the organization must continue to strive for even higher response rates and gift levels.

The most important factor in the success of any program is the quality of the prospect lists. Professional guidance in selecting lists and designing the acquisition program can be very helpful. Often this will include using complex models that identify prospects with the highest propensity to become donors to your cause.

In addition to careful list selection, be sure that the message is clear and compelling. To achieve this aim, the organization may wish to work with someone experienced in direct mail copywriting. One of the most important things in copywriting is to keep the letter focused on the donor, not on the organization. This may seem counterintuitive, but people want to help solve a problem, not simply give you money so you can solve it on their behalf. Successful copywriters show the prospective donor how supporting this particular institution will help that person achieve his or her philanthropic goals.

A mail appeal that produces a high response rate and that garners a high average gift level is generally the result of testing small differences to determine the best combination of words, photography, design, color, components, and postage. This package is considered the organization's control package, and all new acquisition mailings are tested against this control. When a mail appeal outperforms the control package, it becomes the new control.

In summary, acquisition campaigns are designed to attract new donors, *not dollars*. If an organization has a proven acquisition program, consider a more aggressive approach to grow your list at a faster pace. Try new lists. Expand the number of people to whom the organization writes. The increased number of new donors from an expanded mailing strategy should reward the effort. After several years, net income from the mail program should increase as you develop a control package and determine mailing lists that have the best response rate.

## **RENEW AND UPGRADE**

Once a person or business has contributed to the organization, it is most important to renew that support. First, thank each donor promptly—preferably within two days of receipt of the donation. Request another contribution after providing proof to your donor of the impact his or her donation had on your programs. It might be useful to wipe the phrase “annual support” out of fundraisers' vocabulary. The phrase implies that one contribution a year is expected. In fact, the goal is to encourage multiple donations throughout the year. Now, how is this accomplished?

In the first place, personalize mailings to donors. A “Dear Friend” mailing with the addressing showing through a window envelope may make economic sense for donor acquisition mailings. However, such letters are inappropriate when mailed to people who already have contributed to the organization. Imagine receiving a mass-produced letter from your mother, brother, sister, or best friend. It just does not make sense. And, yet, some nonprofit organizations do not realize

that the people who voluntarily contribute time, talent, and treasure are their best friends.

Since the mailings to people on the organization’s donor list are being personalized, the list can be segmented to create a much more individualized feel to each letter. In every case, the donor can be made to feel special. The appeal also should sound grateful but should assume continued support. The letter should sound confident; the recipient is a friend. And he or she is being offered an opportunity to serve and help. But the list can also be segmented with variable copy being assigned based on giving patterns such a recency, frequency, and dollar amount; geography; age; gender; or any number of other factors that make sense for your organization. (See Exhibit 9.1 for a basic segmentation strategy based on recency, frequency, and dollar amount only.)

**EXHIBIT 9.1 MAIL SEGMENTATION**

<b>Annual Frequency</b>	<b>High: \$250+</b>	<b>Dollar Amount Medium: \$50–\$249.99</b>	<b>Low: \$1–\$49.99</b>
High: 3 gifts or more	Mail 9 times/year (reduce if requested by donor); highly personalize mail; Visit	Mail 5 times/year	Mail 5 times/year
Medium: 3 gifts or more	Mail 5 times/year	Mail 5 times/year	Mail 3 times/year
Low: 1 gift	Mail 5 times/year	Mail 3 times/year	Mail 2 times/year

<b>Recency</b>	<b>High: \$250+</b>	<b>Dollar Amount Medium: \$50–\$249.99</b>	<b>Low: \$1–\$49.99</b>
Most recent gift within 3 months	Mail 8 times/year	Mail 4 times/year	Mail 4 times/year
Most recent gift within 6 months	Mail 4 times/year	Mail 4 times/year	Mail 2 times/year
Most recent gift within 12 months (after 12 months, place in lapsed donor program)	Mail 4 times/year	Mail 2 times/year	Mail 2 times/year

The donors in the top-left segments of the grid—those in the top-left boxes—receive the most personalized letters. Perhaps the appeal envelope has a first-class stamp. Perhaps the executive director, board president, or chief development officer will write a personal note and hand-sign these appeals. Alternatively, these donors may be invited to participate in a major gift club.

Donors who are mail responsive donate frequently throughout the year. They should receive the most appeal letters. Many nonprofit organizations find that it makes economic sense to mail 8, 12, or more direct mail appeals to their most responsive donors. Others create a program with specialized mailings to communicate to donors who have indicated that they wish to contribute each month. A special code might be used to differentiate those who expressed a desire to receive fewer mailings. Most donor management systems allow coding to specify which and how many mailings a prospect receives.

When multiple appeal letters are sent each year, the messages may vary. One might tell a story from the organization's food program and present an opportunity to fund an aspect of that work. Another might talk about the winter cold. Yet another might share the impact of the organization's education and outreach programs. In every case, share stories that show the impact of the program on the people you help; talk about people, not programs.

The goal is to renew and upgrade the level of support. This brings us to the most important rule in direct mail fundraising: *You get what you ask for*. Be sure to ask for an appropriate yet challenging gift range for the prospect to consider. Find several ways to ask throughout the letter.

Many fundraisers wonder about the length of the letter. The length is not as important as the message. Your letter needs to be as long as necessary to make the case for support and show the donor how a donation will have an impact. If your letter is too short to communicate emotion and cause the reader to respond, or if it too long so the recipient grows bored and puts it aside—it's the wrong length. Focus less on the length and more on telling the story through words that paint a picture of need, a solution, and an opportunity to be part of that solution.

Once an organization has established the habit of upgrading donors, the most generous donors should be moved into a personal cultivation program. This may be accomplished through upper-level gift clubs that can be promoted by mail. In addition, intensify the relationship-nurturing activities involving prime prospects. Visit the best prospects. Get them involved. Finally, when appropriate, offer them an opportunity to make a significant investment in the organization.

## **LAPSED DONORS**

A lapsed donor is a former donor who has not contributed for a period of time. This time frame is defined by the organization. Many use one year as the dividing

line between a current donor and a lapsed donor. Other organizations, especially those with an annual renewal period, such as a museum or a zoo, may extend the definition of “current donor” to up to 24 months. Still other nonprofit organizations have found it profitable to communicate with donors for two or more years after their last gift.

Lapsed donor lists are valuable assets for nonprofit organizations. A carefully crafted appeal that lets past donors know that they are important, appreciated, and missed usually produces net income. (Of course, the letter should sound as if it were written directly to one individual.) The general rule most mailers follow is to continue mailing to lapsed donor lists until the lists prove to be unprofitable. This rule can be modified; perhaps an organization will continue to mail to lapsed donors as long as the list is at least as productive as other prospect lists. Put another way, periodically send mail appeals to lapsed donors as long as results are as good as or better than mailings to people who have never donated to the organization. Be very cautious about taking any name of a past donor off your in-house list. As long as the name and address are valid, removing information rarely, if ever, makes sense. Ninety-eight out of 100 such donors might never give again. But a 2 percent response rate can prove profitable. Besides, the lapsed donor might be unable to provide current support but may have remembered the organization in his or her estate plan.

If names must be removed from an in-house list, remember that some fundraising professionals recommend not removing a record until it becomes a 60-month lapsed donor. However, you should test your own mailing list to determine when it is no longer a good investment to mail to former donors.

In addition to mailing, lapsed donors may be contacted by telephone. Combined mail and a phone campaign with a specific offer tailored to what the donor supported in the past can be particularly effective for renewing support from lapsed donors.

## **PUBLIC RELATIONS AND INFORMATION**

A well-crafted direct mail program can be an important component of an organization’s public relations strategy. To accomplish this, consider the following questions: Does the message of each appeal reinforce the organization’s public relations and communications goals and give more insight into the mission? Do the look, feel, and tone of the letter together enhance the image of the organization? Is the timing and frequency of the letters consistent with relationship-nurturing goals?

Once these questions have been answered, consider these: Does the organization have an educational goal that can be addressed effectively in the context of a fundraising mail campaign? Will the educational message detract from

fundraising effectiveness? If the answer to the first question is yes and the answer to the second question is no, educational and fundraising goals can be accomplished with the mail campaign. Most people have seen this strategy at work: the healthcare institution that includes the seven warning signs of cancer or a brief tract on coronary risk factors in its fundraising mail; the homeless shelter that explains the root causes of homelessness in its appeal; the religious institution that incorporates an inspirational message with its request for support. When done well, these educational messages strengthen the fundraising appeal.

## FREQUENCY

The question of how often to mail fundraising requests to the in-house list is one of the most sensitive areas of resource development. On the one hand, there is no benefit in offending loyal supporters by seeming to be greedy. On the other hand, mail-responsive donors make frequent contributions to multiple organizations, and no one wants to lose the opportunity to raise more funds for the organization's valuable mission.

Some nonprofits take the phrase *annual fund drive* too literally. They mail only once a year—usually a year-end mailing in November or December, or a renewal mailing in January. Other nonprofits with aggressive mail campaigns mail 12 or more times a year. Many fall between these two extremes. What is right for a particular organization?

A once-a-year mailing schedule is almost always a mistake. Donors enjoy hearing about the organization and appreciate the opportunity to help. Four mailings a year—especially when the approach varies—are rarely offensive to the vast majority of donors. Organizations with a refined cultivation strategy for major donors can always code the mail list to remove prime prospects from routine fundraising appeals. One cautionary note: If prime prospects are excluded from the ordinary fundraising mail, be sure that they are invited to special event fundraisers they may enjoy. Also, be sure that they are approached in person or through a highly personalized mail or phone appeal. Far more money is lost because fundraisers never get around to asking than is lost because they ask too often.

With proper segmentation, those who are highly mail responsive can receive more letters than less responsive contributors. Contributors who make multiple gifts throughout the year are the best prospects for the 8- to 12-times-per-year mailing schedule. Assuming that an organization has a strong mail appeal and a mail-responsive constituency, expect a 4 to 8 percent response rate from the in-house list with each mailing, even if the organization sends appeal letters 12 or more times a year. In such a case, it is difficult to imagine a reason not to mail frequently.

Fundraisers who adopt a strategy that calls for multiple mailings throughout the year must create a number of promotion codes for their database. With a thoughtful approach, a number of objectives can be achieved. The most mail-responsive donors will receive the most appeals. People who complain about frequency can receive far fewer letters. Those who are about to be approached for a major gift can be excluded temporarily from the mail campaign. Longer-term lapsed donors can receive just one or two mailings per year plus a phone call. Monthly donors can be put on a special track—and receive thank-you letters, reminders, and envelopes. No organization should offer just two choices—get everything or get nothing. To do so is to limit your potential for raising funds, and limit your constituents’ opportunities to engage with you and share in the fulfillment of your mission.

## ENSURING SUCCESS

A number of factors can help ensure the success of any campaign. Fundraising professionals have traditionally estimated that the list itself accounts for 50 percent of the effectiveness of a mail program, the offer accounts for 30 percent of the response, and the creative presentation accounts for 20 percent of the results. For some organizations now, the medium is also a factor—the right mix of offline and online messaging that reaches the target audience.

Nonprofit organizations need a compelling case for support and a strong appeal. But the most important success factor for a mail program is *list selection*. It doesn’t matter how strong the appeal is if it is sent to people who are not interested in the cause, who are not mail responsive, or who do not have disposable income.

A proper creative presentation ensures first that donors are more likely to open the carrier (outer) envelope. Unless the envelope is opened, a donor or prospect will never have the opportunity to consider the appeal. A sense of urgency should be conveyed. A decision that can be put off for a period of time is sometimes forgotten. For this reason, many letters say, “Please send in your contribution today.” If funds are needed to shelter the homeless right now, say so. If matching funds must be raised right now, say so.

Most of all, ensure the long-term success of a mail program by continually tracking results. Make incremental improvements. What are the response rates for each appeal? What is the average gift from each appeal? What is the return on investment (ROI) for each appeal? Where is your biggest opportunity for improvement?

Most fundraisers have heard the direct mailer’s mantra: *Test, test, test*. This mantra does not apply merely to sophisticated direct mailers. Rather it should be the guiding principle of every development professional. Testing is not difficult.

For example, to learn which of two prospect appeals is stronger, test mail several thousand pieces using each package. In this way, a highly effective control package can be created and chosen. This control package will be the basic direct mail acquisition appeal until a variation or appeal that outperforms the control package is discovered. At this point, the organization will have a new control.

Even if your mailing list is small, you can test two or three outer envelopes to see which one garners the most response. Again, the contents inside the envelope do not matter if the potential donor never opens it. Therefore, finding the envelope that generates the best response is an important first step to direct mail success.

Once a strong appeal is created, make every effort to test only one variable at a time. To learn whether your appeal is stronger with or without teaser copy on the outside envelope, for example, test the two kinds of envelopes; leave everything else identical. Similarly, to know whether an ask for \$50 is more effective than an ask for \$35, alter the dollar request only; leave everything else identical. If the letter has a new second paragraph and the response card also is altered, no one will know whether the test results are due to the language or to the response card.

In summary, select effective lists, develop a strong appeal, enhance creative presentation, and convey a sense of urgency. Test, track, and analyze results. Finally, make the incremental improvements that will help garner dramatically increased contributed income.

## **ELEMENTS OF THE APPEAL PACKAGE**

A typical fundraising appeal package has the following elements: the outside envelope, the appeal letter, the response device, and the return envelope. There are many additional possible enclosures, but these should only be used if they enhance response.

### **Outside Envelope**

Besides serving to hold the contents of the package together, the outside—or carrier—envelope has one main function: to get the recipient to open the package. (See Exhibit 9.2.) A number of techniques help. Teaser copy on the outside envelope stimulates interest with a short question or phrase. Examples may include: “Important survey enclosed,” “Photo enclosed, do not bend,” “A letter from [celebrity’s name],” “Urgent! Only 45 days left,” the organization’s slogan, or, better yet, a brief phrase that arouses interest and hints at the main message of the enclosed letter. A first-class stamp on letters to high-end donors may increase response and should be tested; nonprofit stamps tend to outperform metered mail or a printed indicia. Whenever possible, directly imprint (mail-



METROPORT MEALS ON WHEELS, INC.  
*"Neighbors Helping Neighbors"*  
 P.O. Box 204  
 Roanoke, TX 76262



## Who can you count on?

[Recipient's Name]  
 [Address Line 1]  
 [Address Line 2]  
 [City, State ZIP]



### EXHIBIT 9.2 Outside Envelope

Source: Reprinted with permission from Metroport Meals On Wheels, Roanoke, TX.

merge) the outer envelope, especially for donors who give larger amounts; this format tends to do better than using a window envelope or a mailing label. Vary the look of mail appeals by using a colorful or non-standard-sized envelope, or use creative artwork or a photograph on the outer envelope. You may also want to add copy and/or a photo to the back of the envelope to give yourself one more opportunity to engage the potential reader.

Use the more expensive techniques (stamps, personalization, etc.) for mailings to the best prospects—those who give larger amounts more frequently. When designing mass donor acquisition appeals, concentrate on list selection and message—but do everything possible to keep production costs as low as possible. For acquisition mailings, the “Dear Friend” letter and a window envelope is just fine.

## Appeal Letter

A great fundraising letter is one that elicits a high response rate and a relatively high average gift. (See Exhibit 9.3.) Too often, development professionals are caught up in personal likes and dislikes as well as thoughts concerning what a proper business letter might be. Instead, successful letters should be examined to determine what they have in common. Exhibit 9.4 provides a brief checklist of effective mail strategies.

Writing the copy for your letter with the donor in mind is essential. Remember, your donor knows far less about the organization, so you need to avoid jargon and use your words to paint a mental picture. This is not “dumbing down” the copy; it is recognizing who your target audience is and talking to that person.

## EXHIBIT 9.3 APPEAL LETTER

**METROPORT MEALS ON WHEELS, INC. “Neighbors Helping Neighbors”**

[Mail date], 2016

[Recipient’s Name]  
 [Address Line 1]  
 [Address Line 2]  
 [City, State ZIP]

Dear [Salutation],

Who do you count on when life throws you a curve ball? Whose is the first name that pops into your mind when you are wondering, “Who can help me?” Maybe it’s someone who will know just the right thing to say or can always brighten your day with a smile.

We all need someone to count on from time to time, and I’m thrilled to tell you that there are now more than 300 people who count on the good meals you make possible every day through Metroport Meals On Wheels. In fact, in just the last 30 days, together we shared over 2,900 home delivered meals!

Because you have chosen to partner with Metroport to help your hungry neighbors, you are going beyond providing a meal — although that is very important! You are also making sure that an elderly neighbor or shut-in gets MORE.

What’s MORE? It’s a smile, a warm hug, a word of encouragement, even a lending hand if needed.

Agnes has Alzheimer’s. Although her daughter spends time with her before and after work, Agnes doesn’t remember to eat the lunches left for her. Now our MMOW drivers deliver a hot meal at lunch, set it up and stay until Agnes begins to eat.

**That’s the kind of care you make sure every MMOW client receives** — gladly making sure the people who count on us get the extra assistance they need to stay healthy in their homes.

**You’re the solution to breaking down hunger and isolation!**

Your gift today of \$YY will ensure that people like Agnes have food to eat and someone who truly cares to make sure they’re eating. A gift of \$ZZ will increase your impact that much more! Or if you can send even \$XX, you will know someone is receiving healthy meals because of your generosity.

(over, please)

P.O. Box 204 • 428 N. Hwy. 377 • Roanoke, TX 76262 • (817) 491-1141 • Fax: (817) 491-0661  
 To donate online, go to: [www.metroportmow.org/donate](http://www.metroportmow.org/donate) • Email: [mmow@metroportmow.org](mailto:mmow@metroportmow.org)

(Continued)

## EXHIBIT 9.3 (CONTINUED)

Winnie is wheelchair-bound, but still able to live at home with her daughter's assistance. But when Winnie grew more confused and stopped eating her meals, her daughter called MMOW. Winnie now looks forward to a hot meal and a visitor at lunchtime every day.

Because of the generosity of supporters like you, Metroport Meals On Wheels has been serving our community's seniors and those with medical challenges since 1980. But it's more than a meal . . . **we don't just deliver food — we deliver HOPE!** For some people, the visit from the Metroport volunteer is a lifeline to the world outside their doors.

Every meal we serve, every senior we help — **is because of you.** MMOW serves more than 300 men and women living in or near your community without one cent of government money. That way, **we're not trying to meet the terms of a government contract; instead, we're doing the absolute best job possible meeting the needs of neighbors — yours and mine — who need the support and care Metroport brings** right to their doors, day after day.

Our neighbors in need count on Metroport, and **because we can count on you, we won't let them down.** Thank you for giving generously and being the kind of Texan your neighbors can count on when they need an extra hand.

Sincerely,

Mary King  
Executive Director

P.S. We are honored that you choose Metroport Meals On Wheels to provide care for your in-need neighbors. Being ready to help when someone calls for assistance — like Winnie's and Agnes' daughters did — is possible because of your partnership. Please give your best gift today and you'll know we're always ready to be the "someone" others can count on.

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Source: Reprinted with permission from Metroport Meals On Wheels, Roanoke, TX.

Effective direct mail copy is simple, and it is concrete. It is written to sound like a conversation in print, using language the reader uses. There are examples that help explain the offer and often a story to show the impact a gift can have. The call to action is crystal clear. Most important, it is about the donor, not the organization: what you (the donor) can make possible when you give.

## Response Device

Response devices or forms have two main purposes: (1) to convey the donor's name, address, and gift amount as an aid to record keeping and (2) to repeat the main message and encourage the mail recipient to respond with a contribution. (See Exhibit 9.5.)

Here are some rules to remember when creating a response form:

- Tie the response device to the letter. For example, if an appeal letter told the story of Jimmy, a child in need, the response device might say: "Yes! I want to help children like Jimmy. Enclosed is my contribution of \$ \_."

## EXHIBIT 9.4 CHECKLIST FOR EFFECTIVE FUNDRAISING LETTERS

- Effective letters use the word *you* much more than the words *I* or *we*.
  - Effective letters use strong or dramatic opening paragraphs.
  - Effective letters use short paragraphs—often one-sentence paragraphs. Few, if any, paragraphs are longer than four lines.
  - Effective letters have plenty of white space—wide margins, indented paragraphs, wider line spacing.
  - Effective letters use a font style and size that is easy for anyone of any age to read. This is generally a minimum of a 12-point font size.
  - Effective letters sound as if they are a conversation from one person to another person—never to a group or mass of mail recipients.
  - Personalized, computer-generated mail-merged letters produce higher return rates than “Dear Friend” letters.
  - Longer letters tend to produce higher response rates than short letters. But there have been many great one-page letters, so this is a key area for testing.
  - Letters that suggest a specific donation amount produce larger average gifts.
  - To be effective, fundraising letters must arouse interest, state a problem, tell how the donor can help solve the problem through a contribution, and ask for the contribution.
  - Effective fundraising letters reflect the personality of the organization or writer.
- 

- Separate the response device from the main letter. Generally, a loose reply slip will produce a great response than one that is attached to the letter.
- Have a response device that is separate from the reply envelope. A “bang-tail envelope” (a reply envelope with an oversized flap that serves as the reply form) is typically less effective.
- A response device on a contrasting paper or card stock tends to produce slightly higher results than one that matches the organization’s stationery.
- Personalize the request amounts whenever possible. A person whose last gift was \$250 should not receive a letter with a response device that requests \$15, \$25, or \$50. Gift categories of \$150, \$250, \$350, or \$500 would be more appropriate.
- Try listing gift amounts in reverse order—starting with the highest gift levels on the left and proceeding to the lower gift levels as the eye moves to the right. Alternatively, test listing the middle giving option in the first position, followed by the smaller amount and then the larger amount.
- If you mention specific dollar amounts in the letter, match the reply form to those. Don’t say, “\$25 can do this,” but then only ask a donor for \$100, \$125, or \$150. Instead, use variable text in your letter based on the recipient’s past giving history to explain what gifts of different sizes can make possible.

**Be someone they can count on!**

Mary, I know people in need in my community can count on Metroport — and you can count on me, too.

Enclosed is my gift of:  \$XX  \$YY  \$ZZ  \$\_\_\_\_\_.

To make an online gift, please go to [www.metroportmow.org/donate](http://www.metroportmow.org/donate).

Please see back to make an honor – memorial gift, or to give by credit card.  
Your gift is fully tax deductible.

[Recipient's Name]  
[Address Line 1]  
[Address Line 2]  
[City, State ZIP]

(APPEAL/PACKAGE/SEGMENT CODE)



METROPORT MEALS ON WHEELS, INC.  
"Neighbors Helping Neighbors"  
P.O. Box 204 • 428 N. Hwy. 377  
Roanoke, TX 76262  
(817) 491-1141 • [www.metroportmow.org](http://www.metroportmow.org)

**Giving to Memorialize or Honor a Loved One or Friend. . .**

Yes, I am giving my gift  to honor  in memory of the following person:

Name \_\_\_\_\_

Please notify the following person of my memorial gift (optional):

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Metroport Meals On Wheels, Inc. serves meals to the ill and elderly in Argyle, Aurora, Bartonville, Bedford, Boyd, Colleyville, Grapevine, Haslet, Hurst, Justin, Keller, Newark, Northlake, North Richland Hills, Roanoke, Rhome, Southlake, Trophy Club and Westlake. MMOW also operates senior center lunch and activity programs in Colleyville, Flower Mound, Haslet, Highland Village, Justin, Roanoke and Southlake. Because MMOW operates independently of federal funding, your gift provides meals for those who are unable to pay for them.

**Giving by Credit Card:**

Charge my credit card in the amount

of: \$\_\_\_\_\_.

- MasterCard
- VISA
- American Express
- Discover

Card # \_\_\_\_\_

Exp. \_\_\_\_\_ CID# \_\_\_\_\_

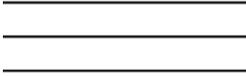
Name on account \_\_\_\_\_

Signature \_\_\_\_\_

**EXHIBIT 9.5 Sample Response Device**

Source: Reprinted with permission from Metroport Meals On Wheels, Roanoke, TX.

- Include “other” or \$\_\_ as a gift option.
- For larger donors, consider eliminating the specific dollar asks and using only \$\_\_.
- Allow enough space for writing in a credit card number and related information. Making it easy for the donor to give is essential.
- Include an option for giving online, using a URL (website address) that is easy for the donor to type into their Internet browser.
- Always include the name and mailing address of the organization on the response card. Some donors lose their return envelopes and need the information to send in a contribution.
- Whenever possible, send response forms with the name and address filled in by the computer system. In that way, the donor does not even have to fill out the form unless there are corrections.
- Include the donor’s account (donor) number and a unique identifying code for the mailing on the reply form. This makes gift processing much easier and allows you to track the results of the mailing.



Your gift of  
a stamp is  
appreciated.

**THEY CAN  
COUNT ON ME!**

361609

Mary King  
METROPORT MEALS ON WHEELS, INC.  
PO BOX 204  
ROANOKE TX 76262-0204



#### EXHIBIT 9.6 Return Envelope

Source: Reprinted with permission from Metroport Meals On Wheels, Roanoke, TX.

## Return Envelope

Some nonprofits find that the postage-paid business return envelope (BRE) is crucial to the success of their direct mail, while others—through testing—have found that a courtesy reply envelope that asks the donor to use his or her own stamp is best. (See Exhibit 9.6.) The BREs simplicity is its strength. Donors don't have to find a stamp; they don't even have to address the return envelope. However, you have to set up a business reply mail account with your post office, and there is a fee for each envelope returned, over and above the first-class postage charge.

For donors who give larger amounts, some organizations have found that using a reply envelope that has a first-class stamp affixed is the most profitable alternative. This is something that should be tested before rolling it out to a large group of donors.

For acquisition mailings, a postage-paid envelope (BRE) is recommended because the response rates will be significantly higher. Test the in-house list to see whether the savings from the switch to donor-supplied stamps is greater than the potential lost contributions. Be cautious. Do not omit the postage-paid response envelope without testing.

Once decisions have been made on which type of response envelope to use and whether to use a postage-paid envelope, focus on design issues related to the response envelope. By and large, it should be kept simple. The post office has very specific rules about “clear zones” (where you can and can't put copy or artwork), as well as the contrast of paper color and ink color. However, creative copy on the left side can serve to reinforce the message and encourage contributions. Phrases such as “Please rush!” or “emergency response enclosed” may increase response

rates. You should avoid anything that suggests there is money inside the envelope as some donors will be concerned about the mail being stolen and thus will not use the envelope. If you use a person's name in the address block (i.e., XYZ Organization, ATTN: Pat Smith), it should be the name of the letter signer; using a name that is not recognizable to the prospective donor can be off-putting as it may suggest fraud. You also should have space in the upper left corner (possibly with lines) for the donor to place an address label or write in his or her address. This can serve as a helpful identifier if the response form is not returned.

The post office will supply the artwork for a BRE. This layout includes your permit number, facing identification mark (FIM), and a bar code. Using the correct artwork for the BRE can save you money. (To get the lowest postal rates, the carrier and return envelope must be bar coded.)

### **Additional Possible Enclosures**

At times, any of the following additional enclosures might improve response rates:

- Lift notes are shorter letters or notes that accompany the main letter. Often they are signed by celebrities, a respected board member, or even a recipient of the assistance the organization provides. They contain a brief but punchy call to action, but this needs to reinforce the offer in the letter, not introduce a new need.
- Involvement devices, sometimes called bouncebacks, are inserts that you ask the donor to sign or write a note on and return with his or her gift. These are then given to recipients of assistance. For example, a food pantry may include a bounceback of a Thanksgiving card, or a senior center may ask donors to sign a small encouragement note for someone who will be helped as a result of the gift. Involvement devices can be very effective in increasing response rates but should be used sparingly so they don't become expected. Also, be sure you have a way to actually use the bouncebacks that are returned, and be prepared to visually scan each one to be sure nothing inappropriate was written on it. If possible, include a story in a future newsletter showing how they were used.
- News articles about the organization can add credibility to the appeal if they are related to what you are asking the donor to support. These require permission from the publisher to reproduce. You may want to highlight the more relevant paragraphs or sentences to make it easy for the donor to extract the most pertinent information.
- Petitions may be helpful for political action groups.
- Brochures can tell a lot about the organization in an attractive format. Be careful, however. Testing often indicates that mailings may receive a lower

response rate when a brochure is enclosed. Besides, a brochure can add substantially to the mail costs. To say more, use a longer letter rather than introduce another piece that may take the reader away from the need and the opportunity for him or her to respond.

- Surveys have the potential to increase response rates and average gift substantially.
- Magnets, calendars, address labels, or other “freemiums” (something that is included in the mailing as a gift to the donor) are helpful with some donors and for some organizations. However, if such devices are used, clearly state that the donor is under no obligation to contribute or return the freemium. It is unethical to send out unordered merchandise without such language. Moreover, some mail experts find that free gifts attract only small gift amounts, and these donors may be difficult to upgrade or convert to repeat contributors without continually offering additional free gifts.

As always, test these elements to see whether they are a cost-effective addition to the overall mail appeal package. Remember to test only one variable at a time.

## **MAIL LISTS**

It has been said before, but it is worth repeating: The list is even more important than the message and appeal package.

A productive list for an organization’s acquisition efforts consists of mail-responsive people who share the values and have an interest in the cause, plus are financially able to contribute. Conversely, an unproductive list would be one with undeliverable names and addresses, people who are not mail responsive, people who have no interest in your cause, or people who do not have any disposable income. With such a list, it is virtually impossible to do anything right.

A productive list for an organization’s ongoing cultivation efforts includes recent donors and those who have given in the not-too-distant past. Generally, your best donor will be the one who has given most recently, so a person should not be excluded from a mailing because he or she gave a month or more ago. Also, people who have, in the past, supported the cause that you are writing about may be more responsive to being asked to support that cause again, even if it has been several months or even a year or more since they last gave.

There are four main sources and types of mail lists: in-house lists, lists provided to an organization, rented lists, and exchanged lists.

## In-House List

- *Current and past donors.* An organization's most important asset is its list of current and past donors. A person who already has donated to the organization is far more likely to donate again than someone who has never contributed. Maintain accurate records. Keep the list up to date. Secure your mailing list and keep offsite back-ups.
- *Prospective donors with a relationship to your organization.* People who have had a positive relationship with the organization—alums, season subscribers, patients, members of the congregation, vendors to your organization, event participants, volunteers, board members—are much better prospects than people with no relationship to the organization. Yet many nonprofits never take the trouble to gather all of the in-house lists into a single database—and make these lists available to the development office or to the people responsible for fundraising. Few investments are as valuable as the time and effort devoted to compiling a comprehensive in-house list of potential supporters.
- *Other prospective donors.* Fundraising professionals find it helpful to gather lists of affluent individuals or businesses that have not yet donated to the organization. The names on this list are of people who have been generous to other causes and potentially have some interest in the mission of your organization. The letters these people receive may result in a contribution. Even if the appeal letter does not result in a gift, the potential donor will have heard more about the organization and the people it serves. While the most effective relationship-nurturing strategy involves highly personalized face-to-face encounters, putting the most affluent potential donors on the in-house mail list can be fruitful. The fundraising letters, newsletters, and email messages they receive can serve as an important adjunct to the cultivation process.

## Lists Provided by Supporters or Otherwise Made Available

- *Friends or board members' suggestions.* Key volunteers, staff members, and board members can be encouraged to furnish names, addresses, and phone numbers of acquaintances and business associates. Keep track of the source of each prospect gathered by using the "Source Field" or other appropriate field in the database system to record the name of the person who furnished each prospect's name. If the source of the name is recorded, you can use this in the letter text when appropriate (and with the person's permission). Volunteers, staff members, or board members can sign or personalize the fundraising letters to people they know. Similarly, if a board member or a

key volunteer asks whether any of the prospects he or she suggested ever donated, a report selected by the “Source Field” can be run.

- *Names referred by donors.* From time to time, ask your donors to provide names and addresses of people who might be interested in supporting your work, as well. Typically, your donors have friends and family with similar interests to theirs, and these people potentially may also support your cause. Let the donors providing the referrals know what you will do with the names. We recommend mailing to them only once (unless they choose to respond) and not mentioning the name of the person who recommended them. These small assurances make it more likely that donors will provide names. A regular program of requesting referral names from donors and mailing a single letter to them that invites them to become a partner in your work can be an effective means of adding people to your donor file.
- *Clubs, affluent groups, professional associations.* At times, someone will offer membership lists of athletic clubs, civic organizations, professional associations, private schools, and the like. These may be fruitful but not always. Before adding such directories to the in-house list, ask the person furnishing the list to mark the best prospects for the organization. Alternatively, conduct a very small-scale test. Put 200 to 400 of the names on the in-house list, and check results after several mailings. If a 1 percent or better response rate has been received, add the remaining names to your in-house prospect list. Be careful to place an appropriate code in each record, indicating the nature or source of the list that the name came from.

### **Lists Rented from List Brokers**

Virtually no large-scale, sophisticated direct mail program is possible without the use of rented lists. If an organization has the potential for a large-scale regional or national direct mail program, list brokers can provide access to hundreds or tens of thousands—even millions—of prospects. Nonprofits with a more local appeal also can turn to list brokers as a source of thousands of qualified prospect names and addresses.

List brokers deal with three main types of lists:

1. *Compiled lists.* These lists are composed of names and addresses of people who have something in common. They are brought together from various sources, such as newspapers, directories, or voter lists. Such lists are among the least expensive—and among the least productive—to rent. Just because someone lives in a “good” zip code or drives a certain car does not mean that he or she is mail responsive or has any interest in your cause.

2. *Commercial lists.* Some magazines and some catalog sales companies rent their lists. These lists can be useful if the magazine or catalog is of interest to the kind of people who support your organization.
3. *Donor lists.* These lists are your best bet. The results of sending appeal letters to people who donate to similar organizations will outpace almost all other donor acquisition strategies. The results may compare favorably to writing to modest-income and affluent nondonors who have a relationship with your organization.

Many list brokers offer modeling overlays to identify, from all the names you rented, which ones are most likely to actually respond to an offer. Although there is a cost for having a list modeled and you will end up renting many names that you won't mail to because they don't meet the model's criteria, this can be a significant cost savings as you don't mail to people who most likely aren't interested anyway. Typically, a model uses a proprietary algorithm and is built over time, constantly being refined to take advantage of new learnings.

## List Exchanges

It is fair to say that the idea of exchanging donor lists is anathema to many nonprofit organizations. They dislike the idea with a passion. Yet, leading direct mail authorities consistently recommend that nonprofits consider exchanging lists when possible.

Opponents of list exchanges fear that their donors who receive multiple competing appeals may become irritated at receiving more direct mail solicitations and may even stop contributing to any organizations. Another fear is that the donors will respond to the new offer and stop supporting the original organization that provided their name. Based on experience, however, direct response experts have found that list exchanges make economic sense. In the first place, the organization saves money on list rentals. Second, the nonprofit organization has the potential to receive thousands of names of people generous to similar causes. Third, there is a good chance that the donor is already giving to more than one organization; research shows that people regularly support four or more nonprofit causes. Fourth, people will receive many mail appeals, with or without the list exchange; you can't control what's in their mailbox. Finally, the potential for increased income with little work on your part far outweighs any potential loss. However, an organization can offset any reservations it has about list exchange by only renting the names of lapsed donors.

Keep in mind that privacy is a major concern of donors. Therefore, it is wise to inform your donors (on the back of the reply form and on your website in good places) that you rent or exchange your list with other organizations and give them

an option to opt out of having their name shared. Alternatively, you can give them the option of opting-in to any list exchange.

## **MAIL PREPARATION: WHAT TO DO IN-HOUSE; WHAT TO DO WITH A MAIL HOUSE**

Preparing a mass mailing is a labor-intensive job with many tasks: database cleanup and list preparation; segmentation decisions; obtaining accurate counts of the number of pieces to be mailed; refining the budget; copywriting; design; choosing a printer, ordering stationery and envelopes, and printing specialty material; determining the correct postage amount based on sorting requirements of the post office; choosing and communicating with the mail house; preparing the database for the mail house; setting up the mail merge to select the correct data; stuffing and matching the envelope (if window envelopes are not being used) and response cards (if imprinted) to the appropriate letters (if personalized); bundling and preparation for the post office; and, finally, delivering the mailing to the post office.

One key task is deciding what work to perform in-house and what should be contracted out to a mail house.

Mail houses are sometimes referred to as *lettershops*. Many mail houses offer full service from design to printing to doing the mailing itself. Some are expensive; some are extremely reasonable. Some provide shoddy or mediocre services; some are excellent—and can be significant strategic partners with an organization. When starting out, ask around. Get recommendations and visit the mail houses being considered.

It is possible for nonprofit organizations dealing with mailings of perhaps as many as 10,000 or 20,000 pieces to handle the entire project in-house. Whether it is prudent to do so is another question. While an organization can save on mail-house preparation costs, the value of the staff and volunteer time must be considered, as should the costs related to wear and tear on office equipment. In addition, a well-run mail service—with its specialized knowledge of postal regulations—can save an organization thousands of dollars each year in postage.

With these thoughts in mind, many fundraising professionals recommend that mailings of more than 2,000 or 5,000 pieces be handled as much as possible by a mail house. Of course, much larger mailings—50,000, 100,000, or perhaps 1 million pieces—are virtually always handled by a qualified mail house.

Organizations that mail fewer than 5,000 pieces per mailing tend to have small-to-medium-size development staffs—people who are stretched with too much to do and too little time to do it. The internal development staff should be devoting its time as much as possible to major gifts, planned gifts, seeking sponsorships for the special events, preparation and support of capital and endowment campaigns,

grant writing, and other high-payoff activities. A gifted person who is a good copywriter and understands direct mail solicitation can be a plus for any staff. But such a person should not be spending days and weeks each month overseeing the preparation of mail. Again, this work can be done more economically by a qualified mail house.

Among the services offered by all mail houses are:

- Mail-merge: personalizing each component of the mailing, inserting the correct data or a default if that field is blank
- Merge/purge: combining multiple mailing lists into one and removing any duplicates
- Standardizing addresses and sorting to generate lowest possible postal rates: presort, Coding Accuracy Support System (CASS) certification, bar coding
- Metering or stamping
- Advice in all matters dealing with postal regulations
- Collating, folding, inserting, and sealing mail package components
- Quality control to ensure that the components of the mailing match; this is often a process of spot-checking every nth piece as well as using scan codes to allow the computerized equipment to accurately match each personalized piece of the mailing to the other personalized pieces
- Preparing postal reports
- Delivering the mailing to the post office

In addition, some mail houses provide the following services:

- Design and copywriting
- Mail list maintenance
- List provision
- It is important to be certain the mailing house knows and applies best practices for direct mail fundraising before hiring them to write copy or design the mailing. Print fundraising is different from online fundraising and from commercial marketing. Failing to follow best practices can significantly reduce your results.

In working with a mail house, the responsibilities of a development professional include:

- Obtaining the nonprofit bulk rate permit and establishing the business reply mail account well in advance of the mailing.
- Cleaning the in-house list and preparing it in the format needed by the mail house. Most service providers have specific requirements and formats they can use.

- Communicating with the mail house. The lettershop will need to understand which fields to select for variable copy. Perhaps a special situation exists, such as a database that has the company name in the last name field but automatically flip-flops the two fields to produce an appropriate-looking label or direct printed address. In any case, the fundraiser should communicate with the mail house to be sure that the database and merge instructions are completely understood. The fundraiser also might need to communicate with the mail house concerning other issues, such as salutations (some databases have more than one salutation field or other related issues that must be dealt with), references in the body of the letter to past or largest gifts, other fields used in the letter, and defaults in case any required field is blank or nonsensical.
- Providing written instructions concerning how the appeal contents should be inserted in the carrier envelope. The mail date must be stated clearly.
- Providing package codes for each segment. When testing multiple lists or conducting other split tests, it is imperative that the response forms be coded for the appropriate list. That way, the data enterer can enter the appropriate list code when the gift is recorded.
- Reviewing and signing off on proofs before printing and on merged letters before the entire mailing is completed. This single step can save more grief than any other. Donors and prospects can be highly offended if they are addressed incorrectly, and mail that is incorrectly addressed likely will not arrive in the intended recipient's mailbox.

## Post Office

Postal regulations are constantly changing. A wide range of postal rates are available to nonprofit organizations. Enhanced carrier route sorting, Standard Mail, CASS certification, zip+4, bar coding, presort—all contribute to lower postal rates. Moreover, the post office will not accept a bulk mailing that is not properly prepared and bundled.

Keep in mind that some lower-cost postage options—such as Nonprofit Standard Mail—have slower delivery times; these can vary greatly from one market to the next. Monitoring this by “seeding” yourself and others into the mailing file will help you track delivery trends and make postage decisions based on actual experience.

If the organization is dealing with a mail house, the service provider will monitor postal regulations and do most of the work needed to get the lowest postal rate. Still, it is best to stay aware of postal regulations and communicate with the mail service provider early in the production process. These early consultations can help ensure a successful outcome and significant savings.

## Email Appeals

Sending an appeal by email—an eAppeal—is an important stand-alone fundraising tool, as well as a component of a robust multichannel fundraising program. Organizations may send out an eAppeal to announce the launching of a special fundraising campaign and follow it up with a letter. Conversely, they may send out an appeal letter and follow it up with one or more eAppeals to reinforce the offer. Some eAppeals are “stand-alone” fundraising efforts, as well.

Many of the same best practices for writing direct mail copy also apply to eAppeals, and fundraising rules still apply. A key thing to consider is the “from” line. This should not be misleading or from someone who is not known to the potential donors; otherwise, there is a strong likelihood that a person will discard the eAppeal without opening it.

Fundraisers also need to pay attention to the subject line. Like the teaser copy on an envelope, the subject line can invite people to open the email, to keep reading, or to ignore the message. Careful attention should also be paid to the preheader text; this is the text that appears in the preview space when a person looks at an email in an email client. Oftentimes, this is used to provide a “house-keeping” line, such as, “Click here to see this email as a web browser.” Instead, this should be used to motivate the reader to open the email.

Your eAppeal should also have multiple call to action (CTA) buttons and hyperlinks for connecting to the donation page of your website. Your goal is to make it extremely easy for anyone to give, wherever in the eAppeal they are when they decide to respond. Finally, where you direct a potential donor is important. Simply having your hyperlinks go to the home page of your website is a good idea. At a minimum, they should immediately go to the donation page; ideally, this will be a unique donation page that references the same offer and dollar amounts as were in the eAppeal. Studies have shown that the more times a person has to click to get to the donation page, the more likely they are to quit the process.

As different devices load graphics at different rates, avoid having so many design elements that the eAppeal loads slowly. Research has found that, at the time of this writing, you have only three seconds or 12 words to convince the recipient that any email is worth opening and reading.

In addition to having an eAppeal that loads quickly regardless of the device on which it is being read, keep in mind that designing an eAppeal is not like designing a direct mail appeal. Readability studies show that for printed material, a serif font (one with small lines at the end of characters), such as Georgia, is easier to read and comprehend, while for electronic communication, sans serif fonts, such as Arial, are generally considered easier to read and scan in the body copy. You should also avoid excessive use of bold or italic

text, and don't underline except for links. Finally, if you create a unique landing page for an eAppeal, use the same fonts and design elements in the message and on the landing page.

Since 2003, the United States has had national standards for commercial email, which is defined as “any electronic mail message the primary purpose of which is the commercial advertisement or promotion of a commercial product or service.” The act that established these standards is known as CAN-SPAM Act (which is an acronym for “Controlling the Assault of Non-Solicited Pornography and Marketing”). State attorneys general, the Federal Communications Commission, and individual Internet Service Providers (ISPs) can enforce CAN-SPAM, and it preempts state laws governing unsolicited commercial emails. It is important that fundraisers realize that, unlike the government Do Not Call List, CAN-SPAM does apply to nonprofit organizations.

However, CAN-SPAM does not apply to email messages that are considered relationship or transactional (such as sending a shipping confirmation or providing material that was requested by the recipient). For the purposes of this act, fundraising appeals are considered commercial.

According to the FCC, there are seven major requirements to be CAN-SPAM compliant; these include (1) identifying the email as an advertisement; (2) not using incorrect or misleading subject lines; (3) not using incorrect or misleading header information; (4) including the address of your physical address; (5) providing clear instructions for opting out of future messages; (6) honoring all opt-out requests in a timely manner; and (7) ensuring CAN-SPAM compliance on any messages that are sent out on your behalf.

Fundraisers and nonprofit leadership need to ensure compliance with this act. There are sizable fees for violating CAN-SPAM, and ISPs can blacklist a sender that fails to comply, meaning they will not allow your mail to be delivered. Generally, a reputable email service provider can guide you through the process and help ensure your adherence to the requirements of this act.

## **SOCIAL MEDIA AND TEXT-TO-GIVE**

Although nonprofit organizations have generally enthusiastically embraced social media, for many this tool has yet to realize the hoped-for potential as a fundraising tool. While some social media fundraising campaigns have been immensely successful, the vast majority have resulted in less-than-stellar results. As many organizations have chosen to move the majority of their communication online, this has proven to be a concern for fundraisers. While the cost of maintaining social media sites is far less than sending out a mailing, for example, people need to be pushed to go to an organization's website or social media feed; offline communication or email is often most effective in doing that.

Different social media platforms appeal to different age groups, although there is certainly generational crossover on major sites. At present, Facebook is the largest social networking site, followed by other sites such as Twitter, LinkedIn, YouTube, Instagram, and Pinterest. The popularity of one site or another (as well as the very existence of some sites, given acquisitions, mergers, and dissolution of the company) makes it challenging for a nonprofit organization to know where to focus its attention. In general, have an active presence on the largest platform or two, and add in others as your time permits. You may also choose to be active on a site that has a large audience of people that you hope to attract to your cause, as well as another with users that more closely resemble your donor demographic.

Fundraisers should have very modest goals for a social media presence. To attract and retain followers, you have to regularly create content that is interesting to your audience. A large percentage of social media users indicate that they share posts to show their support for a cause or highlight issues that are important to them. Yet these same followers will un-follow an organization that posts too often or too little, posts content that is uninteresting to them, or for any number of other reasons.

Social media can be used to share information, especially if you include photographs or graphics; in fact, posts with graphics get significantly more “likes” or “shares” than those without graphics. Occasionally, you can solicit volunteers or encourage engagement with your cause, and an infrequent request for donations (with a link to your website) is certainly appropriate. However, you may find that there are few donations that you can link back to your social posts.

Another challenge of social media is that the likelihood of your posts showing up in the feeds of people who “liked” your page is totally unpredictable and at the mercy of algorithms established by the social media site managers. These often skew toward stories posted by the organizations and individuals the user interacts with the most, and how long the post is displayed can be impacted by how many comments and likes a post receives.

The best use for social media for most nonprofits at this time is event promotion, peer-to-peer fundraising support, and engaging with people to help them feel an emotional connection to your mission. Over time, there may be replicable models for monetizing social media by nonprofit organizations, but at present, successes in fundraising on social media have been mostly unanticipated and serendipitous.

## **NEWSLETTERS—PRINT AND ELECTRONIC—AS PART OF THE DIRECT RESPONSE PROGRAM**

In his seven principles to increase donor loyalty, Dr. Adrian Sargeant, Chair in Fundraising at Plymouth University and director of the Centre for Sustainable

Philanthropy, includes, “Donors are learning. You’re taking them on a journey.” One of the key ways to help a supporter on that journey is your newsletter, because that tool can answer one of the most important questions he or she is asking: What did I make possible because I gave?

Newsletters are an important adjunct to an organization’s fundraising and friend-raising plan. Every newsletter should have a donor response device and a contribution return envelope. Each one should generously thank donors and volunteers and restate the case for support by covering important program and service developments. Poignant stories are more effective than a bland recitation of statistics. Of course, the organization’s newsletter should include constant reminders of the importance of planned gifts. If nothing else, consistently remind your donors to remember the organization in their wills or estate plans. Periodically, print sample language to include in a new will or a codicil (addition) to an existing will.

How many newsletters you send each year—by mail and by email—may depend on the other material you are sending to donors. Organizations that do not mail a donor appeal letter to contributors each month may wish to mail newsletters during the months when mail appeals are not sent. However, the response rates and average gifts from newsletters are generally not as high as for direct mail and, therefore, should not be used as a replacement for an appeal without testing that strategy.

Should you send electronic newsletters (e-newsletter) or print newsletters? The answer is “both.” The goal of print and online newsletters alike is to deepen a donor’s connection to the nonprofit, and using a mix of offline and online can reach a wide range of people, donors, and prospects alike.

Generally, both e-newsletter and mailed newsletters should have strong headlines that pull a donor into the story, photos that can stand alone as storytellers, and articles that show the donor what he or she made possible but also gently remind the reader that the job isn’t done yet.

When deciding what to include in your newsletters, begin with asking, “What did our donor make possible with a gift?” Your articles should focus on results and then segue to ongoing or similar needs. Most important, focus on what donors care about. This means you need to minimize self-congratulations, extensive reports on events (photos, however, can be interesting to donors, especially if they focus on guests, not staff), and “advertisements.” While it is fine to promote a golf tournament, an annual gala, or a similar event, the majority of the newsletter content should be answering the donor’s question of what he or she made possible by making a donation.

In general, print newsletters should be mailed in an envelope, as this typically increases response over a self-mailer. Unless testing shows you otherwise, have a maximum of four pages that are easily scanned by a busy person; test two pages to

see whether you can reduce costs without affecting results. Include powerful headlines, captions on photos, and pull quotes—all to make the content easier for a person to quickly consume. Include a stand-alone reply device with giving options related to the stories (when possible) along with a reply envelope. In addition, you can include additional inserts to maximize postage, such as requests for referral names, invitations to make a gift in honor or in memory of someone, and so forth.

An electronic newsletter should include shorter stories and photos. You can instead “tease” in the e-newsletter with an option to click to read the full story. To make your newsletter stand out in a person’s in-box, use a strong subject line and pre-header text; often, the best subject line is one that simply states “e-newsletter” followed by a brief teaser for an article. Also, the “from” line may be something like {Name of Organization} Newsletter. In other words, you want to make it clear to your potential donor that this is content they welcome. In designing your e-newsletter, use consistent graphic elements such as a masthead. You may also want to include a personal message from the same person who signs your direct mail appeals with his or her photo, as this can add credibility and a stronger feeling of connectedness to the organization because of familiarity with that person.

In your e-newsletter, include a number of links to specific information when appropriate, as well as links to donate. Finally, make it easy for the donor to share the e-newsletter with others.

In addition to stand-alone mailed or emailed newsletters, variations of a newsletter can be used in receipts to show the donor the difference the donation makes by telling a few success stories, in welcome mailings to give your first-time donors an immediate sense of the great work you accomplish with their support, and in prospect outreaches. However, without testing the effectiveness, you should not include a newsletter in direct mail used for acquiring new donors or to cultivate existing donors, as that can take the reader’s attention away from the offer.

## **WEBSITES**

In the past decade or so, having a robust website has become a must for most nonprofit organizations. Furthermore, with the increase in the use of mobile devices—studies show that over half of all websites are accessed on a mobile device—having a mobile-optimized website is not just good; it’s essential. Often this is done with responsive web design; that is, the website is coded to alter the appearance of the webpage on the screen, depending on what device is being used. This means that a webpage will be as readable and easy to use on a smartphone as on a large desktop monitor. Unless you have a trained web

designer on staff, you will most likely want to outsource the design of your website so it is both intuitive to use and mobile optimized. While this will be an expense, the donation page on your website can be a potentially significant income stream, especially if you link to it in eAppeals, e-newsletter, and other online communications. For smaller organizations, there are companies that offer branded donation pages that you can link to from your own website. If you choose to use these, attempt to make the look and feel as close to your own website as possible so the donor feels confident about the integrity of the transaction.

Before you begin developing a new website or revising your existing site, ask yourself, “If this website could only accomplish one thing, what would that be?” The answer to this question will help you prioritize what content to initially focus on. Then ask, “What are other goals of this website?” And “What metrics spell success?” If your website will be judged by how much money is raised, your design and content may be significantly different than if the most important criterion is how many people request information about participating in your organization’s programs.

Generally, your nonprofit organization’s website will inform, educate, and raise funds. To achieve the latter, strive to have a donation link on every page on the site. When a user clicks that link, he or she should be taken immediately to the donation form; studies show that every additional page a person has to click through to actually give results in loss of donations. The actual donation form should ask only for information you need; again, asking for too much information can cause people to abandon the donation process.

The following checklist can help you finalize the design of your donation page:

- Is it brand consistent?
- Does it only take one click to reach the actual donation form?
- Is there a great headline?
- Did we include (very) short text to restate the reason for giving?
- Are any photos used compelling?
- Is visual navigation easy?
- Do we offer a range of giving amounts plus \$\_?
- Do we offer—and highlight—a monthly giving option?
- Have we asked for critical information only?
- Do we prepopulate fields when possible for people who have already established an online account with us?
- Do we offer immediate field validation so any mistakes can be corrected to prevent the donation from being processed?

- ❑ Does the immediate donation confirmation include language that is genuinely thankful and conversational instead of simply a perfunctory acknowledgment of the gift?

One of the most critical issues in accepting online donation is security. Data breaches have become common, and nonprofit organizations are not immune from them. Work with your website host or another information technology expert to build in the latest security features, including, but not limited to, encryption. A secure website has some indicator that it is secure, such as a lock next to the URL of the page. Many people will not even consider making a donation unless this security indicator is present.

Every aspect of online fundraising—from websites to social media platforms, best practices for eAppeals and e-newsletters, to search engine optimization—is changing constantly. As a fundraiser, you have to be nimble and adapt to the changes, but you also have to be wise in setting priorities for limited time and money. So remember this advice: Don't abandon any of your organization's means of staying in close personal contact with your constituents. Technology is constantly improving and can offer additional opportunities to stay in touch and build relationships. However, avoid the danger of focusing on the technology rather than on the need for genuine and respectful relationships.

In the words of Willis Turner, a seasoned copywriter and creative director for nonprofits, "Remember, there are no good or bad—or right or wrong—fundraising techniques. There are only those that work in a given circumstance and those that don't. So definitely test new trends, strategies and ideas. But remember that old standbys didn't get to be old standbys by accident. They've stood the test of time for a reason."

## Telemarketing as a Relationship Building Tool

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*If you utter words that are not intelligible, how shall it be known what is spoken?  
For you will be speaking into the air.*

—I CORINTHIANS 14:9

Despite changes in society's use of the telephone, it can still be an effective fundraising tool. Too often, however, even experienced fundraisers avoid calling a donor in favor of sending an email because of a personal preference. They don't want to be bothered at home, so they conclude that others will be bothered by a telephone call. The rise of robocalls (an automated telephone call that delivers a recorded message) has further increased the negative impression of using the telephone for solicitation, and the increase of cellphone-only consumers and voicemail has decreased the ability to reach people via the telephone.

Yet, for many nonprofit organizations, using the telephone to request donations is highly productive and cost effective. Success is greatly increased when donors provide a credit card number over the telephone to make the donation rather than commit to a pledge.

Telephone fundraising in the 21st century is most likely a volunteer-staffed phone-a-thon. Other organizations have regular telemarketing campaigns that engage a professional telemarketing firm, although this is generally limited to large organizations with national appeal. Both methods can be—and often are—combined with mail solicitations for maximum impact.

### THE LAW AND TELEPHONE SOLICITATION

The Federal Communications Commission (FCC) in the United States administers the Telephone Consumer Protection Act. In Canada, the Canadian Radio-television and Telecommunications Commission (CRTC) maintains Unsolicited

Telecommunications Rules. Both countries maintain a “Do Not Call” list that allows a consumer to opt out of receiving unsolicited calls. While the laws for both the FCC and the CRTC do not apply to nonprofit organizations, it is wise to follow their basic guidelines when considering placing calls to donors and prospects.

These include identifying yourself (the caller), identifying the organization on whose behalf the call is being placed, not calling before 8 a.m. or after 9 p.m., and complying immediately with any donor’s request to be removed from the calling list. Placing a call to a person who has specifically requested not to be called is likely to damage the relationship, not enhance it.

### **VOLUNTEER PHONE-A-THON**

Volunteer phone-a-thons can be very effective when calling current and past donors. The strategy can work for prospecting, but many volunteers find it very frustrating to call larger numbers of nondonors. The success rate is simply too low to keep volunteers motivated over time.

Here is a simple way to figure out whether a volunteer phone-a-thon might work for your organization, how many volunteers are needed, and how many evenings of calling can be sustained. Assume that calls are planned from 6:30 p.m. to 9:00 p.m. Monday through Thursday and that the organization has access to at least seven phone lines:

1. Obtain a count of all current and past individual donors to the organization.
2. Volunteers can typically dial 40 names per hour, so divide the number of current and past individual donors by 40.
3. Compare the number of volunteer hours needed to the number available. If there is a reasonable match, proceed with the phone-a-thon.

To illustrate these steps, imagine that an organization has 2,800 current and past individual donors suitable for calling. When 2,800 is divided by 40, the result indicates that we can sustain 70 volunteer hours of calling. If the call site has seven phones and calling lasts for 2.5 hours each night, a four-evening volunteer phone-a-thon can be planned—if the seven volunteers needed each night can be recruited. To summarize, 7 volunteers per night  $\times$  2.5 hours per night  $\times$  4 nights  $\times$  40 names per volunteer hour = 2,800 names needed to call.

A staff member or a well-trained volunteer must be available each night to provide orientation and training for the volunteers, to answer questions, to step in when there are any problems, and to manage the evening’s operations.

## VOLUNTEER PHONE-A-THON OVERVIEW

If an organization has clean donor and prospect lists, a volunteer phone-a-thon is a relatively simple activity to organize. While most special-event fundraisers require six months or more lead time, a phone-a-thon can be organized in three months or less. The following timeline outlines the main steps:

1. **Three months prior to phone-a-thon.** Secure a location with many telephones and good group dynamics.
2. **Two and one-half months prior to phone-a-thon.** Decide on database segmentation criteria. Focus on annual “regular” donors and new prospects who have a strong relationship to the organization.
3. **Two months prior to phone-a-thon.** Recruit volunteers.
4. **One and one-half months prior to phone-a-thon.** Prepare tips, scripts, instructions, and follow-up letters.
5. **Two weeks prior to phone-a-thon.** Send reminder notices to all volunteers.
6. **Three days to one week prior to phone-a-thon.** Generate phone-a-thon forms that include giving history and information about the prospect’s relationship to the organization. Print out 40 names and forms per volunteer hour. If the database will be used as the phone list, make sure the data have been protected from unauthorized access or revisions.
7. **Each night of the phone-a-thon.** Provide orientation and training. Part of this should include asking all volunteers to sign a confidentiality statement, as they will be accessing private information about individuals that you have an obligation to protect. Encourage them to “smile and dial” and always thank the donor for his or her past support and for taking the call. When possible, any concerns or questions should be noted so a staff member can handle them at a later date. After each call, volunteers should separate the forms into six stacks or note this information in the correct data field in the database: (1) Yes, credit card information provided; (2) Yes, made a pledge; (3) No; (4) Maybe; (5) Special handling or corrections; (6) No answer, or never called.
8. **Each following morning.** Immediately mail-merge and send thank-you letters with return envelopes and process the donations that were charged to a credit card and receipt the gift.

If the organization has never conducted a phone-a-thon, test the activity by having a small number of volunteers call for two or three nights. This will enable fundraisers to determine whether the supporters are phone responsive and whether volunteer calling makes sense for the organization.

## VOLUNTEER RECRUITMENT

Grassroots organizations often call on board members to serve as phone-a-thon volunteers. Larger, well-established nonprofits tend to involve board members more in their major-gifts programs. Therefore, these organizations need to recruit other volunteers for phone-a-thons.

So, who might be a volunteer for a phone-a-thon? If an organization has a volunteer auxiliary, some members might take responsibility for an annual volunteer phone-a-thon. If it has a relationship with a civic club, one of the club's leaders may be in a position to take on the whole project or help recruit a number of volunteers. Friends of board members and staff can be recruited to serve as phone-a-thon volunteers. An organization's most loyal constituents and others familiar with the cause also can be recruited.

When recruiting, do not overwhelm the potential volunteer. Recruit people for only one or two nights. Show potential recruits a volunteer scheduling form (see Exhibit 10.1). Have them sign up for one or two nights that work best for them. Recruit a few more than may be needed. Cancellations are a fact of life when dealing with volunteer phone-a-thons.

Let volunteers know that there will be a brief orientation each evening, during which time snacks or a small meal will be available. This can help get most

**EXHIBIT 10.1 VOLUNTEER PHONE-A-THON SCHEDULING FORM**

**Evenings 6:30 p.m. to 9:00 p.m.**

<b>Monday May 10</b>	<b>Tuesday May 11</b>	<b>Wednesday May 12</b>	<b>Thursday May 13</b>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>Monday May 17</b>	<b>Tuesday May 18</b>	<b>Wednesday May 19</b>	<b>Thursday May 20</b>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

NOTE: If a volunteer is not already on your database, be sure to get a telephone number, postal address, and email address.

**EXHIBIT 10.2 SAMPLE MESSAGE OF CONFIRMATION TO PHONE-A-THON VOLUNTEERS**

Thanks so much for agreeing to serve as a volunteer caller for the XYZ Nonprofit phone-a-thon.

To confirm, we are looking forward to you participating the evening of Monday, May 10. There will be a brief orientation that evening beginning at 6:30 p.m., and we will provide pizza and salad. Calling will begin immediately after the orientation and will continue until 9:00 p.m.

Volunteers who have participated in our phone-a-thons tell us that it is an enjoyable experience, and they were surprised at how much could be raised using this simple approach. I believe you will enjoy the experience also.

Again, *thank you* for all you do for the XYZ Nonprofit Organization.

Jan Enright  
Director of Development

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volunteers to arrive on time. Finally, let the volunteers know that easy-to-use scripts for the call will be provided.

Be clear about the responsibilities, and let everyone know that a phone-a-thon is a fun and effective way to raise significant funds.

Approximately two weeks prior to the phone-a-thon, send a letter or email to each volunteer confirming the time and location (see Exhibit 10.2).

## **ORIENTATION**

On each evening of the phone-a-thon, provide orientation for new volunteers. Needed for this orientation are:

- Confidentiality form
- Tips and scripts
- Sample calling forms
- A simple instruction sheet

The tips (see Exhibit 10.3) should encourage each volunteer to make his or her own contribution. They also provide general advice and remind people to smile and dial.

The script (see Exhibit 10.4) begins by identifying the caller as a volunteer. Early on it states the purpose of the call and confirms the donor's address. A two-sentence case for support and a closing is recommended. The script also includes a number of closing options depending on how the donor responds to the request. A good script provides listening opportunities as well as the simple case for support. Most of all, a good script is easy to use and is effective at encouraging meaningful contributions.

## EXHIBIT 10.3 SAMPLE TIPS FOR VOLUNTEER CALLERS

The following tips can be presented in a group setting or can be provided individually to a volunteer:

- **Invest in our organization.** Your personal contribution is a tangible sign that you believe in our organization and its mission. If you have not done so already, please make your contribution or submit your own pledge on the appropriate call report form. Your calls to others will be more successful when you have made your early contribution.
  - **Plan each call.** Review the giving or membership history. Decide on an appropriate request amount (always more than last year) or look at the recommendation provided. Take a second to review any sample scripts or think through what you are going to say.
  - **Smile and dial.** People can hear the smile in your voice. Smile before you dial. Smile when speaking.
  - **Know our case for support.** Your reasons for supporting the organization are most persuasive. Your sincere and convincing understanding will translate into financial support from the prospective donors you call. Let each prospect know why you support the organization, and then tell the prospect why their financial support is also important.
  - **Always ask for or suggest a specific giving amount.** Don't make the ask vague. People typically give the suggested amount so don't ask for "whatever you can give," for example.
  - **Request a credit card number to fulfill the pledge.** While occasionally a donor will want to mail in a check, the fulfillment rate is generally quite low on these pledges. Getting a credit card number to immediately obtain the donation will increase the likelihood that the donor will give.
  - **Don't accept the first "no."** Negotiate. Suggest alternatives. Maybe the no is only no to the request amount you suggested. Ask: "We truly value your support, so is there another amount that would be more comfortable for you to give?" But know when to stop! Prospects should feel valued during the call, not badgered to give.
  - **Strive to reach agreement on a specific donation amount.** If the donor doesn't pledge a specific contribution amount, it's essentially a refusal. Prospects who say "I'll send something in" rarely do.
  - **Always repeat the amount pledged and the credit card number and expiration date provided.**
  - **Always repeat any special payment schedules or information.**
  - **Verify the donor's name.** If he or she prefers to be acknowledged in a specific way, note that on the form.
  - **Be warm and polite, no matter the outcome of the call.** If the prospect made a pledge, say "Thank you." If the prospect gives you a firm refusal, say "I understand and I thank you for taking the time to talk to me. I hope you'll consider supporting (organization name) in the future."
  - **Record the results of the call.**
    - The specific dollar amount of the pledge or credit card information and the amount to be charged.
    - Any special information about when the pledge will be paid.
    - Your name as the volunteer caller.
    - If it is a refusal, write that clearly on the form.
  - If you get voicemail, leave a message that you called on behalf of the organization and that we will try to call back later.
  - Turn in all appropriate paperwork before leaving.
-

**EXHIBIT 10.4 SAMPLE PHONE-A-THON SCRIPT****Background**

This phone-a-thon is one of the activities included in our Annual Fund. Our Annual Fund provides vital financial resources so we can provide quality programs, transforming lives and communities.

People you are calling received an Annual Fund direct-mail appeal two months ago but have not responded. Postcards were sent out to a select group of individuals who are included in this phone-a-thon, and a follow-up letter and request for a gift will be sent out to all those that we are not able to connect with tonight.

We have three goals that we are trying to accomplish through these calls:

1. Thanking donors.
2. Renewing their support, and if possible increasing their giving.
3. Updating our donors' file.

**Who Will You Be Calling?**

The people we are contacting in this phone-a-thon are donors who have made a contribution to ORGANIZATION in the past. Some have only given to an event or participated in an event, and others have given only once. *The most important thing is that we thank them for their past support.*

Before you make any phone calls, please review the sample conversation script. And as you are calling, smile, have fun and know that any donor engagement is a good thing. Focus on the experience and the outcomes will follow.

**Sample Conversation Script**

May I please speak with \_\_\_\_\_ (use formal titles: Mr., Ms., Dr.)?

Hello, my name is \_\_\_\_\_ and I am a staff member/volunteer/board member at ORGANIZATION.

I'm volunteering to help make phone calls this evening to people who have supported ORGANIZATION and to let you know about some of the things you've helped us accomplish this year.

Your past support of ORGANIZATION is greatly appreciated, and this year I hope you will renew your gift to the ORGANIZATION Annual Fund. This provides the contributions that make it possible for us to continue our programs. May I put you down for a pledge of (ask amount) this year?

**IF YES . . .**

Thank you for your gift. Would you like to make that gift now using a credit card?

(If yes, ask for the credit card information.)

(If no, "That's fine! We will send a pledge reminder form and return envelope.")

**IF NO . . .**

Thank you for your time and past support. If you decide to make a gift in the future, you can do so at (online donation website).

**IF UNDECIDED . . .**

I hope you will consider renewing your support to ORGANIZATION. I will go ahead and send you a pledge form and return envelope that you can use if you choose.

(continued)

## EXHIBIT 10.4 (CONTINUED)

**Closing the Call**

Can I verify that I have your correct information?

- Address  
Do you still live at \_\_\_\_\_ (prospect's address)?
- Email  
Would you be willing to share your email address? We do not share that information with anyone.
- Birthday  
We send birthday cards to all of our supporters, and would love to include you!

Thank you again! It was great talking with you. Have a good evening!

*Remember:* Completely fill out pledge form and note any changes on the calling form.

*Source:* Used with permission of the West Cook YMCA, Oak Park, Illinois.

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Key information to have on the call form (see Exhibit 10.5) includes the donor's name, address, phone number, and giving history. Flags, sort codes, and comments also can be included to give the caller a more complete sense of the donor or prospect's relationship to the organization, but avoid sharing too much as this may either overwhelm the caller or reveal confidential information. If any codes are included, provide a key for volunteers so they understand what the codes stand for.

In addition, the call form will have a place for volunteers to record the following key information:

- Pledge amount
- Expected payment dates or other special instructions dealing with reminder statements
- Donor listing information (for the annual report or for donor acknowledgment in a newsletter or other publication) or a note that the donor does not wish to be listed
- Comments or corrections to the record
- The volunteer's signature

A simple instruction sheet tells volunteers how to enter data in the database or (if printed forms are used) how to fill out the form. In this case, volunteers are asked to place the completed forms in six stacks: (1) "yes" forms with credit card information; (2) "yes" forms with firm pledges; (3) refusals; (4) special handling or

*Blank Space for  
computer-generated  
name and address,  
salutation, giving history,  
other helpful information*

CALLER LOG		
Date	Time	By Whom?
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

If donor wishes to pay by **credit card**:  
 Name on card: \_\_\_\_\_  
 AMEX  Discover  MasterCard  Visa  
 \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 Exp. Date: \_\_\_\_\_ / \_\_\_\_\_

New Address  Home  Business  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Telephone: \_\_\_\_\_

-----  
 [LOGO]

Thank you for your commitment of \$ \_\_\_\_\_ to Name of Organization made on \_\_\_\_\_.  
 Your participation and support are greatly appreciated.

\_\_\_\_\_  
 Caller

*Blank Space for  
computer-generated  
name and address*

Please make your check payable to Name of Organization **OR**  
 AMEX  Discover  MasterCard  Visa  
 \_\_\_\_\_  
 Exp. Date: \_\_\_\_\_ / \_\_\_\_\_  
 Many employers offer matching gift programs.  
 You can multiply your generosity by enclosing your  
 matching gift contribution forms.  
 Matching gift form:  enclosed  will send later.

**Name and Mailing Address of Organization**

Source: Used by permission of the West Cook YMCA, Oak Park, IL

**EXHIBIT 10.5 Call Form**

corrections to the record; (5) “will send something in” (a commitment to donate but a reluctance to commit to a dollar amount); and (6) no-answers and forms that were never called, which can be called later or the next night.

**MANAGING THE PROCESS**

A key volunteer or staff member remains with the callers throughout the evening. This person’s first job is to motivate the volunteers, beginning with an upbeat

orientation. Throughout the evening that person assists the callers with computer questions if using the database to retrieve and record information, or reminds callers to keep the finished forms in six stacks. If using paper call forms, periodically he or she should collect the stacks of “yes” forms with credit card information and with firm pledges. Adding up the totals as the evening progresses tends to keep volunteers motivated. Announcing totals that are close to impressive round numbers is especially effective. Announcements such as “The next \$50 pledge will get us to \$5,000” and “If someone can encourage a \$100 pledge, we will reach \$10,000” get volunteers excited about the challenge.

If using paper call forms, volunteers can fill out the card or letter that goes to a pledger immediately following the call, or sign a short thank-you note. Often, staff mail-merge and send pledge confirmation letters the next morning. This pledge confirmation letter (see Exhibit 10.6) always contains a postage-paid return envelope. It is imperative that this letter be sent immediately. Any delay can greatly reduce the pledge fulfillment rate.

In addition to the highest-priority letters to people who made firm pledges with specific amounts, write a special letter to the people who said they would send something in but were reluctant to state the contribution amount. Thank them for pledging their support; also be sure to suggest a gift range in the letter,

#### EXHIBIT 10.6 SAMPLE THANK-YOU AND PLEDGE REMINDER

{Date}

Dear Mr. and Mrs. Doe,

Thank you for taking the time to speak to {Name of Caller} during a recent call and for your pledge of \$XXX.XX to Name of Organization. Your generous response was so meaningful, especially as we expand our work to help even more hungry families this holiday season.

Every night, one in five children in our community go to bed hungry—but because of your support of Name of Organization, we are helping more families than ever before. With winter approaching, the food we give to moms and dads often means they can use the money they would have spent on food to keep the heat on and help their children stay healthy. We know it is your generosity that makes this possible. Thank you for caring about boys and girls right in your neighborhood.

Please use the enclosed pledge form and envelope to send in your gift. You have my word that we will stretch it as far as possible to help families who otherwise would be making tough decisions between food and heat in these winter months.

Thank you in advance for your gift. I wish you all the best this holiday season.

Sincerely,

Miranda Watling  
Director of Development

preferably tied to what that amount can accomplish. As always, be sure to include a postage-paid return envelope.

Following the phone-a-thon, enter a “no-call” code in the database for any people who complained or requested that no calls be made in the future. Also, carefully go through the special-handling pile. Correct telephone numbers or remove phone numbers that are no longer valid. Make corrections to addresses and email addresses. If a volunteer recorded useful information about the donor’s interests or concerns, enter these thoughts in the comments field. If the volunteer has been told that one of the spouses is deceased, correct the salutation and title information.

There is no need to do anything special with the forms from people who do not pledge. These refusals have little meaning. The next call could result in a donation. And many people who are not phone responsive will respond to the next direct-mail appeal or eAppeal.

### **PHONE AND MAIL CAMPAIGN COORDINATION**

Many people called request written material or an appeal letter. Every fundraiser has heard “I don’t give in response to telephone calls; send me something.” Other people on the list are not home when the phone-a-thon is scheduled. Still others might be strong prospects but have unlisted phone numbers. Some people simply refuse to donate in response to a call but never explain why. For these reasons and so many more, it makes sense to schedule mass mail appeals immediately following each phone-a-thon. When the mail lists are segmented, be sure to exclude the people who made firm pledges during the week. They will get the phone-a-thon pledge confirmation letter. All other prospects on the mail list can receive a mail appeal.

### **AD-HOC VOLUNTEER CALLS**

Some nonprofit organizations rely heavily on the telephone for fundraising but do not organize formal phone-a-thons. The simplest method of doing this involves printing out cards with prospect names, addresses, and phone numbers. If possible, include the giving history and comments. Volunteers look through the cards and take the names of prospects they wish to call. Volunteers also are given pledge cards on which to record the results of each call. In most systems, the volunteers are responsible for getting the pledge information to the nonprofit’s office. The staff of the nonprofit then sends a return envelope and thank-you letter confirming the pledge.

Organizations that use systems like this must be sure to record the names given to each volunteer and stress the need for protecting the donor’s privacy.

Fundraisers need to know who is responsible for each call and who was most effective with each prospect. It helps to stay in touch with the volunteers to encourage them to complete their calls.

The advantage of such a system is its simplicity. A call site is not needed. Staff members and key volunteers need not attend phone-a-thon evenings. The volunteers can call at their convenience. This method can work well in that it allows a strong volunteer to visit some of his or her major-gift prospects in person and call additional prospects for more routine contributions.

However, these more ad-hoc call techniques have several disadvantages over a more structured phone campaign. Phone-a-thons build on group dynamics. Individual callers often lack the motivation provided in a team setting. With organized phone-a-thons, staff members know precisely who was called and what each response was. Often this information is not available with individual callers. Organized phone-a-thons ensure that the entire list is called within a tightly defined time period. With individual callers, the task likely will take longer—if it is completed at all.

Fundraisers who do decide that individual calling is the appropriate strategy should be sure to provide orientation, scripts, and tips at the gathering where the cards are selected. A strong support system—that includes follow-up calls to volunteers—can help ensure the success of this fundraising strategy.

## **PROFESSIONAL TELEPHONE SOLICITATION CAMPAIGNS**

When an organization has more donor names than the volunteers can call, a professional telephone solicitation campaign may be considered. Paid callers can contact a large file of donors both to renew support and encourage contributions at higher levels. A well-run professional telephone campaign can be effective for renewing lapsed donors and for prospecting. As mentioned, it is difficult to motivate volunteers to make cold calls; however, paid callers have an economic incentive to keep dialing.

However, with the increase in mobile-only consumers and call screening, it is more difficult to reach many donors and comply with regulatory issues. Currently four in ten households in the United States do not have a landline, relying solely on mobile phones.

The operational needs for a professional phone campaign are similar to the requirements for a volunteer phone-a-thon: scripts, tips, training, and follow-up mailing. Once an organization decides to use a professional phone campaign, a number of choices exists regarding how to implement the strategy. Some service providers offer turnkey operations, from writing the telephone scripts to mailing

out the follow-up letters. If an organization has a potential for broad-based support, they can even furnish qualified prospect lists.

Another alternative would be to hire an experienced phone campaign manager who would help write scripts, hire and train the call-center employees, design the control and reporting system, and manage the day-to-day phone campaign operation.

One main difference between a volunteer effort and a professional phone campaign is the level of detail in the reporting system. Volunteers like to know how much they raised individually and as a group. Paid callers need the same information; however, reporting is much more detailed. In a professional system, each caller's productivity is monitored. How many hours each employee called, the number of phone numbers dialed each hour, the number reached each hour, the percentage that made a firm contribution, the total dollars pledged per hour, and the average pledge attained by each caller are all maintained and reported. The information on this form is used to calculate compensation. It is also useful to determine if the professional telemarketing firm should be retained or let go. While nonprofits are reluctant to fire a volunteer, it makes no economic sense to retain the services of a paid service provider that is not productive or that cannot produce with good prospects to call.

Contracts with the telemarketing firm will outline compensation, which is generally based on a per-minute rate or a per-call rate. Some will offer a cap on charges based on the amount raised; this can protect a nonprofit organization from a telemarketing campaign that is not profitable. Avoid compensation agreements that are based on the amount raised. The AFP Code of Ethical Principles states that members shall "not accept compensation or enter into a contract that is based on a percentage of contributions."

No matter how callers are compensated, costs and performance must be monitored. Paid calling can require a major investment. Fundraising managers must calculate the cost to raise a dollar when calling current and lapsed donors and the cost when calling prospects who have never donated before (which is generally higher). As with mail-prospecting programs, the aim of the phone-prospecting program is donor acquisition. By investing in attaining new donors and then strategically working to renew their support, a donor acquisition program using telemarketing could be as cost effective as—or even more so than—a mail donor acquisition program.

The direct response nature of telephone solicitations allows professionals responsible for fundraising to test, analyze results, make incremental improvements, and implement a cost-effective strategy that can serve as an important component of the comprehensive resource development program.



# Special Event Fundraising, Cause-Related Marketing, and Crowdfunding

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*Moderation is a fatal thing. Nothing succeeds like excess.*

—OSCAR WILDE, *A WOMAN OF NO IMPORTANCE*

Special events such as testimonial dinners, celebrity waiter dinners, golf tournaments, art auctions, outdoor carnivals, garage sales, decorator showcases, Las Vegas nights, bike-a-thons, walks and runs, and raffles are mainstays of the fundraising program for many nonprofit organizations and can increase the public's awareness of their missions and programs. Special events also create numerous opportunities for volunteer participation. However, as fundraising vehicles these events tend to be costly, both in terms of effort and in terms of dollars expended in relation to the net dollars contributed. Even worse, these events often attract one-off contributions instead of sustainable donors who will give more frequent and larger amounts over time.

With the Internet, more nonprofits are also engaging in crowdfunding or peer-to-peer fundraising. This relies on mobilizing your supporters to raise money on your behalf, perhaps tied into a special activity like a walk-a-thon or a specific project. The theory behind crowdfunding is that people are more likely to donate when a peer asks them to do so or when the donation is linked to another person's actions on behalf of the organization.

Actual events can be daunting for some organizations, considering that even simple events can require at least six months' lead time for planning, volunteer recruitment, site selection, preparation, implementation, and ticket sales or attendee recruitment. Larger events—especially galas and dinners that require facilities to be booked far in advance—may take a year or more to plan. Some

fundraising events have been shown to not be financially productive, especially when staff time for managing the volunteers and some logistics is factored in. Many nonprofits find they have to replace events from time to time due to consistently declining revenues. However, many other organizations have found that offering event sponsorships to businesses and philanthropic-minded individuals can significantly increase the net income of special events. Moreover, tributes or guests of honor tend to increase each event's fundraising potential.

The best special events are fun. Each year's success can help ensure the next year's positive outcome. Any event undertaken should be consistent with an organization's image, purpose, and mission.

In many organizations, a guild, auxiliary, or other volunteer group takes responsibility for special events. These volunteers generally take pride in their autonomy. They determine the degree of staff support they need. This support almost always includes access to the in-house mailing list. Additionally, staff involvement can range from an advisory capacity to full-blown active support of the event.

The recruitment of a dynamic chairperson will help ensure the success of the special event. Ideal chairpeople have control of their time, are enthusiastic, have a wide circle of acquaintances, have organizing skills, and are fun to work with.

Crowdfunding is not hands-off, either. Fundraisers must create a website to promote the project and track donations, develop a short but compelling video to explain the cause, and offer rewards for those who meet specific levels in their fundraising efforts. Additionally, the organization needs to market the crowdfunding opportunity so constituents want to participate.

## **SPECIAL EVENTS: CHOOSING THE EVENT**

Auxiliary and volunteer support groups devote considerable effort to choosing and then staging their fundraising special events. Perhaps the most crucial step is deciding which events to do. Here is a step-by-step approach that can help fundraisers make the right decisions:

1. List as many special-event fundraising ideas as are possible and feasible for the organization.
2. Evaluate the potential to generate significant net revenue. Begin by estimating anticipated gross income:
  - a. Ticket price multiplied by an estimate of the number of ticket purchasers (or table price multiplied by the number of tables)
  - b. The amount expected to be raised through event sponsorships
  - c. Journal or program book ad sales

- d. The amount expected to be raised from a silent auction, if any
  - e. The amount expected to be raised from a raffle, if any
  - f. The amount expected to be raised from merchandise sales, if any
  - g. The amount expected from other sources of income unique to the event
3. Next, estimate expenses. Include the following:
- a. Facility rental
  - b. Meals, drinks, and other food expenses
  - c. Printing of event program books
  - d. Save-the-date card or letter
  - e. Invitation printing
  - f. Postage for the save-the-date notice (if mailed) and invitation
  - g. Ticket printing, if any
  - h. Staging and audio/video, if any
  - i. Music and entertainment, if any
  - j. Flowers and table decorations, if any
  - k. Awards and recognitions
  - l. Photographer
  - m. Follow-up to donors, pledgers, and nondonors
  - n. Miscellaneous and other expenses unique to the event

Total the projected expenses and subtract them from the projected income; this is the estimated net income. In most modest-size cities, many fundraising professionals suggest that nonprofit organizations should not undertake a major special event unless the organization foresees a realistic possibility of netting \$40,000 or more. Please note this is a minimal standard. Too many smaller-scale efforts can drain the organization's resources.

Now that the net potential of the events being studied has been determined, it is time to look at some other criteria:

- The event should appeal to a broad audience of supporters and those they might invite.
- The event should be consistent with the organization's image, purpose, and mission.
- The event should appeal to the organization's constituency and to others.
- The event should appeal to potential sponsors—especially high-end sponsors.

## IMPLEMENTING THE EVENT

Success of a special event is highly dependent of the amount of time and attention devoted to detailed planning and to effective marketing. Set the right tone for the event by designing an eye-catching invitation. Help the event by generating a great deal of publicity. But the tickets must be sold. The board and volunteers must take responsibility for this vital function.

When organizing the event, remember that sponsorships should produce a large portion of net income; this can often make the difference between a successful event and one that does not make money for the organization. Seek larger-level sponsorships with a goal that the entire cost of the event will be covered by sponsorship sales. Reread Chapter 8. Apply the principles related to major-gift fundraising. Periodically raise the price of sponsorships.

For success in the future, volunteer workers and staff should maintain detailed records and notes concerning each special-event fundraiser. Also remember to plan and allow what appears to be *more* than sufficient time for each phase of the event. Work backward in building timelines (see Exhibit 11.1).

**EXHIBIT 11.1 SAMPLE SPECIAL EVENT TIMETABLE**

Task	Who	By When
Study all your options. Sketch in budgets for various special events. Outline a preliminary marketing plan for each of your options. Determine the most profitable event possible.	Special Event Committee	7 to 9 months prior to expected event date (more if facility rental requires longer lead times)
Make firm recommendation as to the nature of event, estimated number of attendees, timing of event, ticket price (if appropriate), marketing plan, and budget.	Special Event Committee report to board or development leadership	Preferably 6 months prior to event
Secure board approval of plan; if their approval is not necessary, ensure their buy-in and full participation. Tentatively select site and date. Negotiate prices within budget limits.	Board or leadership approval; Special Event Committee follow-up	Preferably 6 months prior to event
Confirm the availability of any guest(s) of honor and/or awardees for tentative date. Confirm venue and date.	Special Event Committee	Preferably 6 months prior to event
Identify benefits for sponsors, as well as the price of different sponsorship levels. Identify prospects (individuals and companies) most likely to respond	Special Event Committee; marketing staff	6 months prior to the event (Note: Some companies work on longer lead times for sponsorship)

**EXHIBIT 11.1 (CONTINUED)**

<b>Task</b>	<b>Who</b>	<b>By When</b>
generously to special events. Prepare personalized solicitation materials.		dollars; you may need to contact them up to a year in advance. Track this information for future years.)
Contact potential advertisers for ads for the journal or program book.	Special Event Committee or Ad Sales Subcommittee	5 to 6 months prior to event
Secure door prizes, auction items, raffle items, etc., if any. Also secure in-kind contributions of other goods and services that will help reduce the cash expense.	Special Event Committee or appropriate subcommittee	5 months prior to event; complete as much as possible 3 months before event
Secure sponsorship(s). Continue to seek ad sales if needed.	Special Event Committee and Ad Sales Subcommittee, with help from other board members or staff, if needed	3 to 4 months prior to event to allow sponsors to be acknowledged in pre-event publicity
Mail or email save-the-date announcement.	Appropriate subcommittee	In mail or emailed 3 to 4 months prior to event (more if the event is at an especially busy time, such as between Thanksgiving and New Year's Eve)
Plan details such as event check-in (eliminate bottlenecks), entertainment, scripts and run-sheets, decorations, color schemes, etc. If you are including an auction or silent auction in the event, set up a system to secure payment without delaying guests' departure.	Special Event Committee	3 months prior to the event
Conclude journal or program book ad sales.	Appropriate subcommittee	2 months prior to event
Implement marketing plan. Remember that tickets or tables must be sold, and tables must be filled. Urge board members and other volunteers to host a table or to buy and sell tickets.	Board and Special Event Committee	Presales begin at least 2 months prior to event
Order pledge cards, menus, signage, banners, and/or awards that are needed at the event.	Special Event Committee	2 months prior to the event (more if vendor requires it)

*(Continued)*

## EXHIBIT 11.1 (CONTINUED)

Task	Who	By When
Design journal or program ad book and send to printer.	Appropriate subcommittee	6 weeks prior to the event
Design, print, and mail invitations or provide invitation copy for table hosts to send to their guests.	Special Event Committee	Invitations should arrive at prospects' homes 8 to 12 weeks prior to the event. Allow 2 weeks for layout and design, and 2 weeks for printing and mailing or email scheduling. This means you should have the invitation and envelopes in hand no less than 14 weeks prior to the event.
Email invitation to those who have not responded.	Special Event Committee	2 weeks after mailing invitation
Email follow-up invitations if you have remaining tickets.	Special Event Committee	3, 4, and 6 weeks prior to the event
Set up room, making sure that pledge cards and envelopes are on each table (if appropriate), signage is clear, sound systems and video systems are working, greeters are prepared, the photographer knows the photos you want taken, and any other details that are necessary for a well-run event.	Special Event Committee	Day before and/or day of event
Stage a memorable event. Net sufficient income. HAVE A GOOD TIME!	EVERYBODY	Date of event
Send thank-you letters to volunteers, attendees, no-shows, sponsors, and advertisers. Include the amount raised, if possible. Mention the date for the next event, if available.	Special Event Committee and fundraising staff	Within one week of event

Structure each event to have several donation levels. Create gift opportunities that require much more than the simple ticket price. Sponsorships, various-size ads in a program book, table purchases, silent or live auctions, and other creative approaches can significantly increase net income.

Monitor the productivity ratio—the event's net income divided by the total number of volunteer and staff hours. This figure should *far exceed* minimum wages.

### **Example**

The Annual Celebrity Chili Festival collects income totaling \$7,500 from ticket sales. The publicity, food, rental, and other expenses totaled \$5,000. Thus the event netted \$2,500.

However, volunteers and staff spent a total of 6 months organizing the event, and 1,000 hours were devoted to making the event a reality. Thus the event produced only \$2.50 per hour.

This would be a good event to restructure or cancel. Many events can be salvaged by seeking larger sponsorships and by layering them with additional income-producing opportunities such as silent auctions, raffles, and/or event commemorative ad book sales. Again, if the volunteers and staff work hard over a period of time, the organization should realize a significant return for the effort.

## **CAUSE-RELATED MARKETING**

Cause-related marketing is somewhat similar to corporate sponsorships. However, cause-related marketing goes a bit further. Two essential agreements are made between the organization and a corporation: The nonprofit organization lends its name and good reputation to the corporation, while the corporation uses this tie to encourage sales of its goods and services and donates a portion of the increased sales to the nonprofit. The key word for corporations is marketing—this is not viewed as a philanthropic endeavor but rather as a strategic marketing decision that will increase their return on investment by increasing sales.

In nationwide campaigns, large nonprofit organizations may receive substantial public relations and financial benefits from the cause-related marketing program. During such campaigns, the corporations advertise extensively and promote the link to the nonprofit organization. Even grassroots organizations can benefit from similar arrangements. For example, a bookstore might donate 10 percent of a day's proceeds to a nonprofit organization. A restaurant chain may donate a percentage of an evening's sales to the agency.

To conclude, nonprofit organizations of every size can benefit from such arrangements. However, a few cautionary notes are in order:

- The agreement must include the obligations on the part of both the nonprofit organization and the corporation.
- Before allowing anyone to use an organization's logo and name, be sure to state the terms and conditions in a written agreement.
- The agreement should describe the nature of the promotion and give a clear description of the product or service being promoted.

- The agreement should have a start and stop date.
- The agreement should describe the placement of advertising and the geographic area covered.
- The agreement should contain the percentage or fixed amount per sale of the product or service to be donated.

Of course, the goods and services must be of a quality and nature consistent with the image and good reputation of the nonprofit organization. The organization should also review all promotional materials prior to commencing any promotion.

## **CROWDFUNDING**

Crowdfunding allows nonprofit organizations to launch a fundraising effort to a large number of people, primarily using the Internet to disseminate the project. While crowdfunding can raise significant income, the large number of peer-to-peer donation opportunities available can minimize the results. Crowdfunding donors often are responding with a gift to support a peer who asks for the donation rather than in response to the nonprofit organization's programs, and collecting contact information for future follow-up may not be possible. Thus, this platform is likely not going to support your efforts to cultivate repeat donations and build long-term relationships with donors.

Crowdfunding typically requires a website that allows a potential donor to read about the project and make a donation. These are often specific to a particular individual who is participating in a peer-to-peer effort and will promote the project to his or her network of friends, family, and coworkers. Some nonprofits create their own crowdfunding websites while others use a third party provider's network.

Crowdfunding is not exempt from state laws and regulations regarding fundraising, including registration with various regulatory offices. In the absence of specific references to crowdfunding in state regulations, fundraisers must consider them like any other fundraising activity and follow the existing regulations.

Companies offering a crowdfunding platform that can be branded and used by a nonprofit organization typically charge a fee for each donation as well as a percentage of the donation to compensate them for the use of their platform. There are two very different arrangements for a crowdfunding campaign; some vendors allow you to receive whatever amount you raise, while others only pay the nonprofit organization the money if the project target stated in the crowdfunding agreement is fully realized.

Crowdfunding is potentially a way to involve many millennial-aged donors in supporting a cause. However, it is not simply a matter of deciding to use this

methodology; you must develop a powerful story, a compelling video, each individual participant's involvement in promoting the site, rewards and recognition for individual fundraisers, plus wide marketing of the crowdfunding opportunity. Nonprofit organizations need to weigh the costs and time involved, plus the availability of a network to promote the cause to their peers, before launching any crowdfunding activity. Otherwise the campaign may not have a broad enough reach to raise funds. Also, the investment of time may not be warranted if the organization doesn't secure ongoing supporters.

## Grants

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*The desire to understand the world and the desire to reform it are the two great engines of progress.*

—BERTRAND RUSSELL, *MARRIAGE AND MORALS*

Grants are the lifeblood of many nonprofit organizations—especially those with long-term relationships with their major funders. The size of grants varies greatly, from modest sums for grassroots organizations to multimillion-dollar grants for well-established institutions. Yet, as important as they are, grants are still surrounded by some common myths.

The most common myth is that writing grant proposals is difficult. Actually, anyone who can follow directions, write clear, simple sentences, and develop a budget can write a successful grant proposal.

The other widespread myth about grants is that they are the most important part of any nonprofit organization's funding pattern. This is simply not true. Remember that more than 70 percent of all contributions come from individuals. Bequests account for another 9 percent and the amount from gifts from individual and family foundations is estimated at 10 percent. Corporate philanthropy accounts for approximately 5 percent of annual contributions. Thus, foundation support approximates only 6 percent of contributions from the individual donor sector.

### WHAT IS A GRANT?

Grants come from three main sources: government, foundations, and corporations. Each grant is an implicit or explicit agreement or contract. The grantor provides funds. The recipient, or grantee, commits to plan and implement a special project or to provide the community with a needed service. Even grants for operating support carry with them an obligation to use the funder's resources wisely to help continue the work of the agency.

Grants are voluntary contributions. No matter how well a project fits the grantor's guidelines, an organization has no inherent right to receive that grant. In almost all cases, the number of applications the grantor receives far exceeds the grant funds the funder is willing to distribute in a given year. Moreover, the grantor has every right to assess the merits of a proposal based on any criteria the grantor chooses to adopt.

## **GOVERNMENT GRANTS AND CONTRACTS**

The federal government of the United States of America is the largest source of grant funds in the world. Universities, national laboratories, colleges, and other institutions conduct research funded by the federal government. Agencies such as the National Institutes of Health fund biomedical research. The Department of Energy funds a broad spectrum of research in nuclear physics, alternative energy sources, and issues related to the safety and reliability of the nation's nuclear stockpile.

In addition to research, the federal government funds a wide array of programs—ranging from art exhibits to after-school programs for children at risk to job-placement programs to programs that benefit zoos. On the international front, the United States Agency for International Development funds nonprofit relief and development projects such as clean water initiatives, health programs, and efforts related to the environment and climate change.

Information about grant programs is most frequently published as a request for proposals (RFP). The RFP usually includes a description of the work required, the timeframe or schedule contemplated, detailed application instructions and requirements, and the criteria by which the proposal will be evaluated. RFPs always contain a submission deadline.

Information about federal government grants is available online at [www.grants.gov](http://www.grants.gov). Nonprofit agencies that have been awarded past grants from the government agency may receive RFPs directly from the agency.

Many federal programs are administered through state and local government agencies or departments. Development professionals can ensure that they are notified of all relevant grant opportunities by maintaining strong relationships with local officials and program administrators. Government applications are frequently voluminous. Applicants should follow instructions with great care. Prior to submitting the proposal, applicants should double-check the instructions and be sure that the proposal is complete. As with all grant applications, it is helpful to have someone not familiar with the project read the proposal. Often program developers or grant writers understand what they meant to say. However, an objective reader can help find places where the proposal is not clear. In considering whether or not to apply for a government grant,

organizations must remember that reporting requirements can be significant, even costly, if a grant is awarded.

## **FOUNDATIONS**

According to the Foundation Center, there are more than 85,000 foundations in the United States. There are four major types of foundations: community, corporate, operating, and independent.

1. Community foundations raise money to fund needs within a defined geographic region.
2. Corporate foundations are established by businesses of all sizes but are independent of the parent corporation. Often their funding is related to causes that relate to their product lines or to programs that are located in areas where their employees live and work.
3. Operating foundations may make some grants but their primary purpose is to operate programs. For example, a museum may have a foundation that raises money solely to fund the programs of the museum.
4. Independent foundations represent the majority of foundations in the United States. Their funding comes from individuals or families.

Another way to categorize foundations is to differentiate between a public foundation and private foundation. Private foundations are nongovernmental nonprofit organizations, including independent or family, company-sponsored or corporate, or operating. Private foundations have a principal fund or endowment, are managed by trustees/directors, make grants to other nonprofits, and are required to file Form 990-PF.

Public foundations are primarily community-based. They too are nongovernmental nonprofit organizations that are managed by trustees/directors and make grants to other nonprofits. However, they continue to raise money from many sources and are required to file Form 990 rather than 990-PF.

In general, with the exception of an operating foundation, foundations must award grants that total at least 5 percent of their assets less certain expenses. A private operating foundation, however, is required to spend at least 85 percent of its adjusted net income or minimum investment return—whichever is less—to fund its tax-exempt activities. A foundation may choose to give away all its assets within a prescribed period of time or may only give the minimum amount. As the value of the foundation's assets can vary due to market factors, in years with low stock market earnings foundations may give fewer grants in smaller amounts than they did in recent years.

## FOUNDATION RESEARCH

Information about foundations—guidelines, application instructions, gift information, contacts, and foundation priorities—can be obtained online from various sources that offer information from minimal grantor profiles at no cost to detailed information for paid subscribers. The Foundation Center offers one of the most robust databases available as well as educational resources ([www.foundationcenter.org](http://www.foundationcenter.org)). Its extensive database, which can be very expensive to access on an infrequent basis, may be available for nonprofit organizations to use at no cost through libraries and other organizations with a mission to provide resources to the nonprofit community; however, large nonprofits often subscribe to the database so that they will have immediate access to the most up-to-date data whenever desired. Many universities also have foundation research libraries or materials. It is important for staff responsible for foundation funding at nonprofit organizations to maintain a network of foundation program officers and contacts. Schedule foundation research on a regular basis, and take advantage of opportunities to network with foundation executives. As more foundations are requiring online submissions, it is increasingly difficult to cultivate the kinds of relationships that can prove fruitful when applying for a grant; thus fundraisers need to be proactive in establishing relationships whenever possible.

When beginning research, focus on grantors whose interests match the organization's mission and programs. Searching an online database allows you to hone your research to find grantors that fund projects in your geographic locations or more closely align with your organization's projects. You can often obtain a foundation's latest 990 report online, which provides current lists of what it is funding and in what amounts.

Once you have a list of grantors to consider further, the next step is to get the most up-to-date information directly from the foundation, often via its website or through a written request. Spending time developing any request for a foundation that is not interested in funding your project—no matter how worthy that project is—will not be a productive use of your time.

Once you have determined that the foundation *may* be a good fit with your organization's program needs, you may be given an opportunity to submit a letter of inquiry asking permission to submit a grant proposal. Other foundations will simply instruct you to submit a grant proposal, often using their online process. If no instructions are provided, the letter of inquiry should be two to three pages maximum and include the name of your organization, the amount of your request, and the description of the project. It is important to focus on your organization's ability to achieve the goals of the project, why your organization is the most qualified to respond to the need, your proposed solution to the need, and any other funding sources.

At all stages of research, remember that the aim is to uncover foundations that are most likely to fund the organization's projects. Remain focused on the appropriate amount to request and the foundation's philanthropic interests. When conducting research, carefully note all instructions pertaining to application procedures, including deadlines.

## **PROJECT DEVELOPMENT**

Government, foundation, and corporate grantors tend to favor innovative programs that are responsive to pressing societal needs. Some grantors provide general operating support for nonprofit organizations. Many do not. Some grantors provide grants for capital or building projects. Many do not. Most grantors favor special projects.

Maintain detailed information about the need your organization serves. For example, if the organization serves homeless people, maintain information concerning the numbers of such people in the region and the root causes of their homelessness. Also maintain statistics concerning the number of people served and how they have benefited from the programs. Review the literature. Ask, "What programs have worked elsewhere? What pressing needs do the people we serve face? What services are most likely to provide long-term solutions? What projects or programs might serve as a model for the rest of the nation?"

Whenever possible, communicate directly with foundation program officers. What projects or programs are of greatest interest to the foundation? Has the foundation contemplated any initiatives in which your organization might play a role? Do your foundation contacts know of any other foundations that may be interested in your program or project?

Foundations respond most favorably to well-planned projects that are innovative yet feasible with realistic budgets that are inclusive of all anticipated costs. High-sounding projects that claim to end poverty or assure world peace are simply unbelievable. Similarly, proposals that sound very vague are less likely to be funded than projects that have a tangible quality to them. A vague proposal for support of a farm that promotes sustainable agriculture may be less attractive than a specific proposal that requests funds for seeds and a model irrigation system.

When designing a program, think ahead to the goals and interests of the grant reviewers. Does the program truly match the priorities of the foundation that is being applied to? Does the staff have the expertise to carry out the program? Can the organization deliver on all commitments required, such as staffing with personnel that meet defined criteria such as ethnicity? Be specific. I recall one successful grant application for a computer lab at a children's museum. The RFP required information about the software that would be made available for use by

the children. The successful application provided detailed plans to include software suitable for young girls as well as young boys.

Set realistic goals. With a well-planned program—one that has clear and achievable objectives—it is possible to design a strong evaluation component into a project plan. Successful applications have measurable goals or objectives; these goals or objectives should be both quantifiable and specific, with goals that indicate the desired outcome and objectives that show the means of accomplishing the goal.

## **THE APPLICATION**

When preparing the grant application, be sure to follow all instructions meticulously. Answer all questions—but be sure to observe any space limitations. If the foundation guidelines call for a proposal of not more than five pages, don't submit a six-page proposal. Written proposals should be easy to read in terms of font choice and size; grant reviewers don't want to have to use magnifying glasses to review a proposal.

Online applications often limit the number of words, so it is essential to write and rewrite in advance of entering the information online so you are sure every word advances your proposal. Additionally, many online applications will immediately disqualify you if you don't meet specific criteria (for example, if your overhead rate is above a predetermined level or the project is not located in a specific geographic location), so carefully review all criteria before beginning the process.

Regardless of whether the foundation has established guidelines for submitting your proposal, uses an online application process, or leaves the decision of how to develop the proposal to the applicant, write your proposal so as to address the primary concerns of the foundation.

When writing each section, stick to the subject and do not stray from the main points. Every grant reviewer has seen pages upon pages of irrelevant and nonresponsive writing. For some reason, many grant writers view every question as an occasion to convey more information about their organization. When responding to the question "What need or problem does your project address?," they begin by writing: "Founded in 1956, our organization has a long history of innovative responses to pressing needs in our community. Our reputation for fiscal responsibility and inclusiveness places us in a unique position to address a broad range of social issues." In fact, some people never get around to answering the question at all. A more appropriate response might begin, "In our town, approximately 1,500 people sleep on the streets each night. A recent survey of the homeless population conducted by the city's human services department indicates that 37.4 percent of these homeless people are suffering from treatable mental

illnesses.” The grant reviewer now knows that there is a need to serve the homeless population and that the program will deal specifically with the mental health needs of the homeless. As important, the grant reviewer knows that the writer is familiar with research dealing with the organization’s area of concern.

In the absence of guidelines from the potential funder, your proposal should include the following:

- Cover letter
- Executive summary
- History/background (focusing on the history relevant to the project for which you are seeking funding)
- Statement of need
- Goals and objectives
- Methods
- Anticipated results and evaluation methodology
- Budgets (for the project and the organization as a whole)
- Appendices, limited to what is requested or is relevant to the proposal

Your proposal needs to clearly answer why, what, when, how, and how much.

The proposal should be succinct and readable. However, in pursuit of brevity do not assume that because a question was answered elsewhere in the proposal that similar information need not be provided in another section of the application. For example, early in the application the writer may have stated that the program is established in a poor, rural area with a high percentage of non-English speaking residents. Later, the proposal may ask about the population served. Even though the population was mentioned earlier, be absolutely sure to give the most complete answer in this section. Don’t be vague. If people are served without regard to race, religion, or creed, say so. If statistics are available that describe the people participating in the program, cite them. Language such as the following is most helpful:

In a trial period last summer, 53 percent of program participants were women, 47 percent were male. Of these men and women, 42 percent were Hispanic, 39 percent were Anglo, 11 percent were Native American, 4 percent were Asian, and 4 percent were African-American. In the region we serve, 78 percent of the entire population lives below the poverty line. We anticipate that program participants will reflect the socioeconomic demographics of our region. Our program will directly benefit no fewer than 3,500 people. With the addition of the new special needs program coordinator, we anticipate that we will accommodate the needs of approximately 75 people with moderate-to-severe physical and developmental disabilities. All services are offered without regard to race, religion, creed, or nationality.

Be thorough in each section—even to the point of redundancy—because grant reviewers often skim through proposals. When looking for their particular concerns, they may focus only on one section. Some want to know that an organization has measurable objectives. Some might be most concerned about the quality of the evaluation program. An occasional grant reviewer might be interested in the inclusion of a specific, underserved population. Most take a broader view but still can have a special interest in a particular aspect of a proposal. So, answer each question in a manner that allows each grant reviewer to find the information he or she is looking for in the section that addresses the reviewer's particular concern.

Be sure that the proposal is complete and timely. Have a colleague help double-check the grant submission package. Were all questions answered in the proposal? Have all attachments been included? Were all instructions followed? Is the grant amount requested clearly indicated? Is it clear how the foundation's funds will be used? Has the deadline been met? If the answer to all these questions is yes—and a project that matches the funder's priorities has been described—then submit the proposal. Funding is not assured; but the probability of getting the funds needed has increased.

Here are some more ideas that can help save time with grant applications—and help increase your grant success rate:

- *Never* submit mass applications. Always personalize approaches and let the funder know how the project fits the foundation's interests.
- Duplicate batches of commonly used attachments: the list of board members and their affiliations, the 501(c)(3) tax exemption letter, the most recent audit, and recent financial statements. Keep a good supply of all these common attachments on hand.
- Have easy access to the annual operating budget and project budgets. This will make it easier to format the budget information in a way that strengthens the grant application.
- Work smart! Spend time working on potential large gifts from qualified foundation prospects.

Here is some final advice. Many organizations have grant review panels. Anyone who ever has an opportunity to serve as a grant reviewer should do so. The time spent will be well worth the effort. Consider serving on a Rotary Club grants review committee or volunteer to review a local arts council's grant applications. Once a person has served as a grant reviewer, he or she will be far less likely to submit a vague, nonresponsive proposal.

## **ACKNOWLEDGMENT AND REPORTING REQUIREMENTS**

It is appropriate to follow up after submitting your proposal, but be cognizant of the foundation's timetable. If proposals are due March 1 but its timetable states that proposals will not be reviewed until May, do not contact the foundation in April to ask if a decision has been reached; you are wasting your time and the goodwill of the foundation. If you are notified that the application has been approved, be sure to send a thank-you letter to the foundation. Grant writers with personal contacts to any representatives of the foundation should also call or visit to express appreciation. It is also appropriate to send a note or place a phone call to thank a foundation for its time and consideration, even if your proposal is rejected. Some nonprofit administrators view foundations as impersonal monoliths. They forget that foundations are made up of living and breathing human beings. Personal contact and expressions of appreciation are not only polite but also help cement relationships and may influence future funding requests.

In addition to gracious acknowledgment of the contribution, the organization must ensure that it meets all reporting requirements. Many foundations require a formal report on the project and may base any consideration of future funding on a final report upon project completion or toward the end of the fiscal year if general operating funds were received. Foundation officers frequently tell resource development professionals horror stories of large grants that were never acknowledged. To make matters even worse, a number of nonprofits fail to meet their reporting requirements and deadlines. Of course, these organizations find themselves ineligible for future funding.

Manage programs in a manner consistent with the grant application. If any major changes in a program have to be made, communicate with foundation representatives and let them know the reasons for the changes. Be mindful of evaluation tools. Maintain reliable records dealing with all measurable objectives. Monitor all reporting deadlines and requirements. Fulfill the organization's obligations and enhance your reputation for successful project management.

## **DONOR-ADVISED FUNDS**

Donor-advised funds have grown significantly in popularity—and value—over the last decade. A donor-advised fund is a philanthropic vehicle established as a public charity by an individual or group of individuals. The donor makes a charitable contribution and receives an immediate tax benefit; however, the funds do not need to be distributed immediately.

Some donor-advised fund managers—for example, managers of a community foundation—may limit grants to a list of qualified charities within the scope of the

foundation. The donor is aware of these before making his or her contribution. Others allow a donor to fund any cause he or she selects at any time.

The National Philanthropic Trust has defined a donor-advised fund as “a charitable savings account” because the donor can deposit money (and receive a tax deduction) when he or she has the means but spread contributions out over time. This can allow for predictable distributions to a charity, opportunities to teach children and grandchildren about philanthropic support by allowing them to be invested in the decisions related to beneficiaries of the funds, and the fund potentially continuing to function beyond the life of the donor when a successor is named to continue distributions as long as funds remain.

## Planned Giving

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*The generations of living things pass in a short time, and like runners hand on the torch of life.*

—LUCRETIOUS, *DE RERUM NATURA*

### **DEFINING PLANNED GIVING**

*Planned giving*, *charitable gift planning*, and the older term, *deferred giving*, all refer to charitable contributions made with some level of professional guidance. Most planned gifts have the potential to help reduce the donor's estate taxes, income taxes, and/or capital gains taxes. Charitable gift planning perpetuates the donor's values. At the same time, gift planning helps donors better provide for their families and loved ones. Some planned gifts provide donors with income for life.

Many planned gifts, such as bequests, are deferred contributions. The nonprofit organization receives the bequest on the death of the donor as part of his or her estate disbursement. Other planned gifts, such as donations of stock or a charitable gift annuity, produce contributions for the charity.

### **IMPORTANCE OF PLANNED GIVING**

In 2015, according to *Giving USA*, bequests from individuals to charities accounted for approximately \$33 billion and represented 9 percent of all monies given to charity in the United States. Each year, the amount donated through bequests is greater than all corporate donations in the United States and more than giving by foundations, excluding the sum from individual and family (individual-driven) foundations. Despite a common view that giving from foundations and corporations is the linchpin of any fundraising program, planned gifts produce significant resources for nonprofit institutions nationwide. Charitable gift planning strengthens the organization's long-term strategic position and provides an opportunity to strengthen a donor's relationship with the organization and thus

their loyalty to it. Moreover, planned gifts are essential to building the organization's endowment funds.

Charitable gift planning has become even more essential in the 21st century as baby boomers (individuals born between 1946 and 1964) are at or nearing retirement age and represent the wealthiest generation in America's history. Members of this generation have a strong desire to help their children and grandchildren, but those with strong values also want to help the organizations that have been important to them—for example, their church or synagogue, their university, and their other favored nonprofit institutions. Yet fewer than half of Americans over age 50 have a will or other estate plan, and only 5 percent of Americans over age 50 have made provisions for a nonprofit institution in their estate plans. Thus, this is a largely untapped opportunity for nonprofit organizations.

## **CHARITABLE GIFT INSTRUMENTS—WAYS OF GIVING**

### **Current Gifts**

The simplest way for supporters to contribute to an organization is to write a check or make a gift using a credit card. However, donors who wish to maximize their income, capital gains, and estate tax savings should examine all of their assets to identify the most effective donation.

*Outright gifts*—sometimes called current gifts—make funds available for the nonprofit organization's immediate use and provide donors the advantage of income tax deductibility. Some current gifts also may help donors avoid capital gains taxes. Current donations may take many forms, including:

- Cash and checks
- Securities (stocks or bonds, for example)
- Real estate
- Life insurance policies
- Personal property

Look at how planning can affect the donor's taxes. Assume Mr. Smith wants to donate \$10,000 to the Community College Foundation. If he writes a check for \$10,000, most likely he will be able to take an income tax deduction for this amount. Assuming a 33 percent tax rate, in reality the \$10,000 donation will have cost him \$6,700.

Assume Mr. Smith wants to donate \$10,000 and has long-term appreciated stock. If the stock cost \$4,000 but has a current fair market value of \$10,000, Mr. Smith can donate the stock and take the full \$10,000 income tax deduction, reducing income tax by \$3,300. Additionally, he will have avoided capital gains

taxes of \$900 (15 percent capital gains tax rate  $\times$  \$6,000 capital gains). In this example, the \$10,000 donation will have cost Mr. Smith only \$5,800.

If, however, Mr. Smith has stock that has depreciated in value, he may be better off selling the stock, realizing the loss, and donating the proceeds. If Mr. Smith sells the stock, he may be able to deduct all or a portion of the capital loss and the \$10,000 charitable donation.

Thus donors will want to consider contributions of appreciated assets. However, generally donors are better off selling capital assets that have declined in value and contributing the proceeds after the sale.

Other advantages are associated with this type of planning. Charitable donations reduce the donor's taxable estate. With current giving, the charity may use the funds immediately, and the donor has the opportunity to see the impact of his or her giving.

## Bequests

*Bequests*, which account for nearly \$9 of every \$10 left to charity through planned gifts, can be established in a will, trust, or codicil. As these are not paid out until the death of the donor, they enable people to provide long-term financial security for themselves and other family members, if desired. Such bequests also help donors perpetuate their values and support the vital work of the charities that are important to them.

Wills and trusts can specify that the remainder of the estate can go to the nonprofit after family and friends have been taken care of. Alternately, the will can allocate a percentage of the residual estate to the charity. Or the will can specify that the nonprofit organization receive a predetermined fixed gift, whether in cash, securities, property, or valuables.

Donors who already have executed their wills or estate plans can amend them easily through a simple legal device known as a *codicil*, a clearly worded paragraph that can be added to a will. The codicil must be executed, signed, and witnessed in accordance with state law. It provides an easy means of including the donor's favorite nonprofit organizations as beneficiaries in his or her estate without having to execute an entirely new will.

Nonprofits should frequently publish sample codicil language, such as the following, in newsletters and planned giving materials, and on their websites:

I give, devise, and bequeath to \_\_\_\_\_ [legal name of nonprofit organization], a nonprofit organization located at \_\_\_\_\_ [full address], federal tax ID number \_\_\_\_\_, all [or state fraction or percentage] of the rest, residue, and remainder of my estate, both real and personal, to be used for its general purposes [or specify endowment, special uses, or restrictions].

OR

I give, devise, and bequeath to \_\_\_\_\_ [legal name of charity], a nonprofit organization located at \_\_\_\_\_ [full address], federal tax ID number \_\_\_\_\_, the sum of \$\_\_\_\_\_ to be used for its general purposes [or specify endowment, special uses, or restrictions].

Bequests to nonprofit organizations are not subject to estate or inheritance taxes. Furthermore, the value of the bequest is deductible from the donor's taxable estate, thereby lowering any estate taxes. There is no limit to the amount of deduction allowed.

Gifts by will may be restricted (designated for specific purposes) or can be left unrestricted, thereby providing maximum flexibility in helping the nonprofit organization enhance its services.

Whatever type of bequest donors wish to make, a will or trust is essential. If a person dies *intestate* (without a will), the state in which the *decedent* (the person who has died) resides will distribute the estate according to the predetermined formula of the state's probate code. Nonprofits should encourage donors to seek the counsel of a competent attorney and other trained professionals when updating their estate plans. Representatives of the nonprofit organization should never involve themselves in helping a donor prepare a will or trust, as this may be viewed as undue pressure; however, they may make themselves available to discuss the donor's objectives with donors and their advisors.

Gift planners, weighing the merits of current contributions relative to gifts through wills, may wish to consider that assets left in the will produce no income tax deductions. Such gifts also do not avoid probate.

However, from the philanthropic individual's point of view, gifts through wills and estate plans produce three main benefits. The donor's legacy makes it possible for the charitable institution to carry on its work after the donor's demise. The will can be changed during the donor's lifetime. Charitable gifts in the will or estate plan reduce the donor's taxable estate.

### **Charitable Gift Annuities**

*A charitable gift annuity agreement, the second most common form of a planned gift (but a distant second to wills), is a legal contract between a donor and the nonprofit organization. In return for a charitable gift to fund the gift annuity (generally at an established minimum level, often \$10,000 or more), the nonprofit organization will agree to make regular fixed payments to a beneficiary for life or to two beneficiaries over their joint lives. The donor can designate the beneficiary of the gift annuity, typically either the donor, the donors (in the case of a married couple*

contributing joint property), the donor and another person other than the spouse, or another person. The donor can also elect the frequency of the payments—monthly, quarterly, semiannually, or annually.

Exhibit 13.1 illustrates a charitable gift annuity for Juan and Bonnie Jimenez, ages 75 and 70, respectively.

The rate to be paid each year is determined by the ages of the beneficiary or beneficiaries named in the agreement. These rates are based on life expectancies determined by actuarial tables. The older the annuitant(s), the higher the fixed annuity payment rate will be. A best practice for nonprofit organizations is to establish a minimum age for annuitants to maximize the benefits to both the organization and the donor.

Charitable gift annuities produce a number of significant benefits. Donors cannot outlive this source of income. These annuities offer a guaranteed rate of return. Donors receive an immediate income tax deduction equal to the present value of the future gift—that is, an income tax deduction for the value of the presumed remainder. Donors also receive the satisfaction of knowing that their gift will be a legacy that will continue on for the benefit of the nonprofit organization; upon death of a donor, the remaining principal passes to the charity. The charitable gift annuity reduces the donor’s taxable estate and avoids probate.

Charitable gift annuities represent a risk for the nonprofit, as the annuitant cannot outlive the payments; if he or she (or the last remaining beneficiary, when

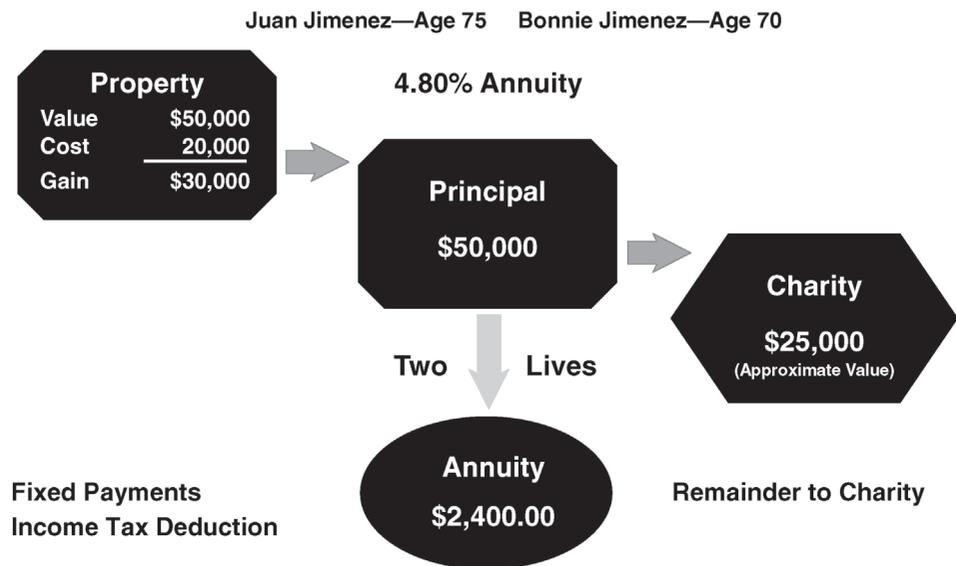


EXHIBIT 13.1

**Charitable Gift Annuity**

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applicable) outlives the expected life expectancy, the nonprofit must continue to make payments for the life of that donor. These payments are backed by the assets of the nonprofit organization, and therefore the nonprofit should invest the proceeds of the annuity, not expend them on current needs. Gift annuities are subject to the laws and regulations of the state in which the donor resides, meaning that charities must comply with any requirements of the state they are incorporated in and of any states where they intend to issue gift annuities. Each state takes responsibility for protecting its citizens, so a state may have a very stringent registration process and regulations for any nonprofit organization that wishes to issue an annuity to any residents of that state. If a nonprofit organization does not comply, by law it cannot offer annuities to residents of that state. The goal of the state is to encourage full disclosure of the nonprofit organization's financial status and ability to meet its charitable gift annuity obligations.

### **Charitable Remainder Trusts**

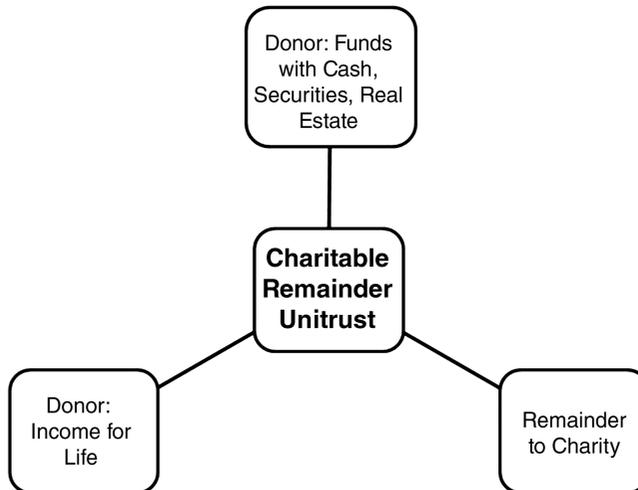
With a *charitable remainder trust*, sometimes called a CRT or unitrust, the donor can transfer cash or other valuable assets to the trust and receive income for life. The trust can sell these assets tax free, so this can be very beneficial for assets that have appreciated in value, as the donor will avoid capital gains taxes. In many cases, the trust can sell these assets and replace them with higher income-producing assets. Thus, the donor can increase his or her income dramatically. The donor will receive a fixed income from the trust each year. This income stream can be retained for the donor's life or in combination with one or more other beneficiaries. Upon the death of the last surviving beneficiary, the remaining trust assets will benefit the important activities of the nonprofit organization.

Generally, the sale of assets through a charitable remainder trust will bypass the capital gains tax on any appreciation, reduce or avoid estate taxes, and eliminate the need to probate the assets placed in the trust. The transfer of an asset to the trust is deductible, in part, for income tax purposes. Distributions from the trust are taxable income to the donor.

The remainder interest (the value of the transferred property less the value of the retained income stream) is irrevocably donated to a charity. Even though actual receipt of the remainder interest by the charity is deferred until the income stream ends, the donor will receive an immediate income tax deduction for the presumed value of the charity's remainder interest.

### **Charitable Remainder Unitrusts**

The *charitable remainder unitrust* (see Exhibit 13.2) allows the donor and any other designated beneficiaries to receive income over either the donor's life, the donors'



**EXHIBIT 13.2 Charitable Remainder Unitrust**

joint lives, or for life plus a stated term of years. Once the life income beneficiary obligation has been met, the balance of the trust assets will be transferred to one or more “charitable remainder” nonprofits. However, this income is based on a percentage of the fair market value of the trust, which is based on a value that is recalculated annually. As the value of the trust assets increases, either through market gains or additions to the trust made by the donor, the donor’s annual income also increases (income will decrease as trust assets decrease). Charitable remainder unitrusts ensure future support of the organization. They may be the best solution for donors who would like to make a gift of cash, securities, or real estate but wish to retain income for life (or the life of their designated beneficiary or beneficiaries). Donors select a fixed percentage (not less than 5 percent) of the net fair market value of the contributed property. The amount paid will be this fixed percentage times the fair market value of the trust assets as revalued annually.

When considering establishing a charitable remainder unitrust, estate-planning professionals frequently advise donors that a \$100,000 minimum donation is needed to establish the trust—as required by most nonprofit organizations. Additionally, many nonprofit organizations require the youngest beneficiary to be a minimum age. Donors also must consider the set-up costs and annual trustee fees when establishing the trust.

The benefits of the charitable remainder unitrust are as follows: Donors receive variable income for life, which may provide a valuable hedge against inflation; they receive an income tax deduction for the value of the remainder portion of the contribution; they pay no capital gains tax on appreciated securities or real estate transferred to the trust; the contribution reduces the donors’ estate, which

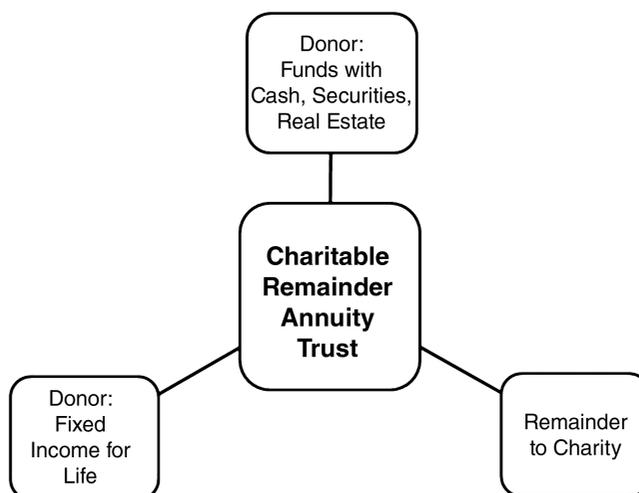
may save on estate taxes; upon the death of the income beneficiaries, the principal passes to the charity; donors can contribute additional assets to a charitable remainder unitrust; if desired, the charitable remainder unitrust may be established to distribute deferred income; and assets in a unitrust avoid probate. However, the charitable remainder unitrust is irrevocable, so a donor cannot change his or her mind once the trust is established.

### Charitable Remainder Annuity Trusts

With *annuity trusts* (see Exhibit 13.3), the amount paid to the donor each year from the annuity trust is a fixed percentage of the value of the trust at the time it is established. The annuity amount must be at least 5 percent but not more than 50 percent of the initial value of the transferred assets. This income may be tax free if tax-exempt securities are used to fund the trust. At the death of the donor or designated beneficiary, the trust's principal becomes the property of the nonprofit organization.

As with unitrusts, charitable remainder annuity trusts, whether in the form of real estate, securities, or cash, usually require a minimum \$100,000 donation. Donors also must consider the set-up and annual trustee fees. Unlike unitrusts, donors may not add to an annuity trust.

However, the donor who establishes a charitable remainder annuity trust receives an annual fixed income, as well as a number of benefits, including an immediate income tax deduction for a portion of the gift in the year the trust is



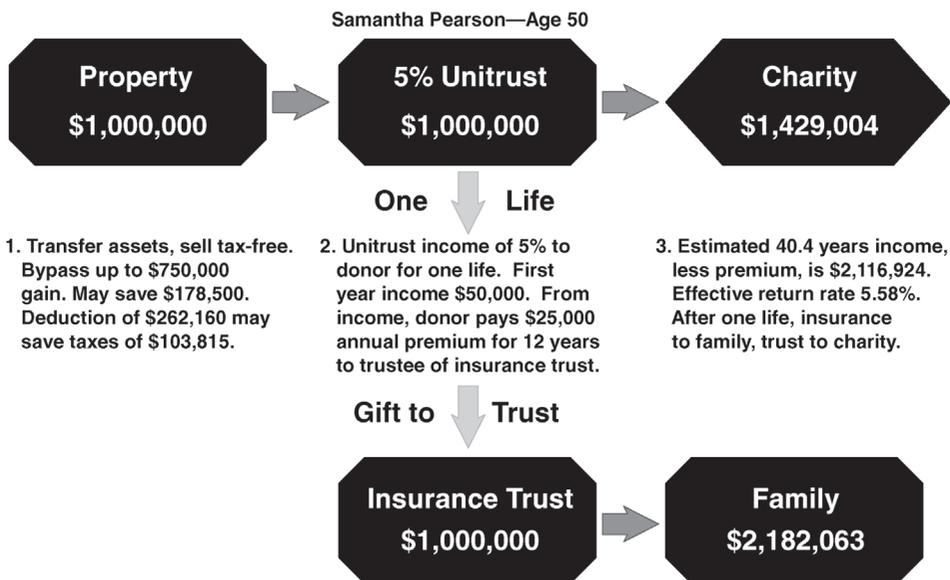
created. Because donated assets avoid capital gains taxes, appreciated securities are particularly well suited for annuity trusts. In addition, the trust pays no capital gains tax if the securities are sold. Finally, transfer of assets to an annuity trust removes the assets from the donor’s estate, thereby avoiding estate taxes and probate.

### Wealth Replacement Trusts

The *wealth replacement trust* (see Exhibit 13.4), also called the *asset value replacement trust*, is an insurance trust established to benefit the donor’s heirs. This is set up in tandem with one of the two CRTs explained above. The wealth replacement trust is funded with the money saved through tax deductions and the increased cash flow that is associated with the CRT.

Here is an example of how charitable giving combined with estate planning can produce substantial benefits for the donor, the donor’s heirs, and the nonprofit organization.

Samantha Pearson, age 50, purchased an asset for \$250,000 many years ago. Today the asset is worth \$1,000,000. If Samantha wishes to sell the asset and



This illustration is not intended as tax or legal advice; consult a tax or legal advisor about your specific situation. The insurance costs and benefits are hypothetical numbers supplied by Crescendo Interactive, Inc. and are not intended to serve as projections or predictions of actual results for a specific insurance contract or investment. Prepared on September 14, 2016.

**EXHIBIT 13.4**

### **Charitable Remainder Unitrust and Wealth Replacement Trust**

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reinvest the proceeds in an asset that generates more income, she will have to pay a capital gains tax of \$178,500 (or more or less, depending on her tax bracket), leaving only \$821,500 to reinvest.

Instead, she establishes a charitable remainder unitrust funded by the \$1,000,000 asset. The tax-exempt trust sells the property. No capital gains taxes are due. The trustee then uses the tax savings to purchase a life insurance policy, which is held by the trust outside of Samantha's estate.

When Samantha dies, the trust principal, which may now be greater than \$1,000,000, goes to the charity. But what about Samantha's heirs? The life insurance policy the trust purchased with the tax savings Samantha realized from establishing the CRT is paid to her heirs.

A wealth replacement trust may be beneficial for someone who is healthy enough to purchase life insurance at an affordable rate. Additionally, the cost of the life insurance policy will depend on the person's age, size of the death benefit, and state of residence.

## Gifts of Real Estate

Many nonprofit organizations are experienced in accepting gifts of real estate. In all cases, organizations need some time to review the property title, the appraisal, and perhaps most importantly, the property's environmental condition. Nonprofits must do due diligence to insure they do not accept property that carries with it any environmental liabilities.

Donors can make current or deferred gifts of real estate. A current gift, whether commercial, residential, or agricultural, provides immediate tax savings and relieves the donor of the expense and burden associated with property management. Generally, the tax deduction equals the fair market value of the property. The deduction will be reduced somewhat if the property qualified for depreciation write-offs in prior years.

An example of a deferred gift of real estate is what is called a life estate reserved. With this kind of gift, the donors retain a life estate in their personal residence, farm, or ranch while transferring the remainder interest to charity. Donors can continue to occupy the property and use it throughout their lifetimes. In this case, the nonprofit needs to draw up a legal agreement as to the responsibilities of the donor in terms of maintenance of the property, maintaining adequate insurance, payment of real estate property taxes, and other expenses. The property need not be the donors' primary residence; it can be a second home or a vacation home. To be classified as a farm, the land must meet specific legal criteria. Gifts of residences or farms allow donors to (1) make an irrevocable commitment to the nonprofit organization; (2) continue to enjoy use of the property as usual; and (3) receive a current income tax deduction for the value of the remainder interest in the

property. The income tax deduction can be substantial. As expected, the donated property reduces estate taxes and avoids probate.

### **Gifts of Life Insurance**

Life insurance gifts have been growing in prominence in recent years, due in large part to the fact that they can allow younger donors to make more substantial gifts at a lower cost to them. A donor can irrevocably donate an existing policy to a charity, or purchase a life insurance policy on his or her life and irrevocably transfer its ownership to the charity. If the policy is paid in full (meaning no further premiums are due), the donor can receive an immediate tax deduction for either the cost basis or fair market value on the date of the gift, whichever is lower.

Alternately, if the donor gives a policy that continues to have annual premiums due, the donor can make a donation to the charity each year to cover the cost of the premium. He or she will receive an annual tax deduction for that donation, and will also be entitled to a donation of the current value of the policy in the year of making the gift.

## **DONOR EDUCATION AND THE PLANNED-GIVING PROGRAM**

Many donors know about the importance of charitable gift planning. Therefore, well-respected nonprofit organizations, even those that have not established a planned-giving program, receive contributions through wills or bequests. However, to encourage gift planning, increase the number of gifts through estate plans, and help donors maximize their gift potential, nonprofits should proactively work to educate donors and prospective supporters.

### **The Board's Role and Buy-In**

The first task involved with establishing a planned-giving program is to ensure that the board of directors supports the program. The board is responsible for the organization's strategic direction and for setting policy. Therefore, board members are actively involved in a number of key decisions, including:

- What gifts will the organization accept? The board must adopt a gift acceptance policy.
- Should all undesigned bequests be used for operations? Or should the board place contributions over a certain amount in a board-designated endowment fund?

- How should the organization manage its endowment funds? Who acts as trustee? Does the organization establish a separate foundation? Should the organization consider placing all endowment funds in a community foundation?
- How should the organization invest endowment funds?
- How should the organization acknowledge planned or deferred gifts?
- How should planned or deferred gifts be counted toward campaign goals?

These and many other questions require serious deliberations. By encouraging board participation in these discussions, the development professional can help ensure support for a planned-giving program.

*Board member buy-in* also is essential to the success of a donor education program. Board members often facilitate introductions to estate-planning professionals, top donors, and community leaders. Board members can be the most effective advocates for a planned-giving program, especially when they make provisions for the organization in their own wills or estate plans.

### **Planned-Giving Committee**

Many nonprofit organizations find it helpful to form a committee that focuses on charitable gift planning. This planned-giving committee usually is composed of estate-planning professionals who share the organization's values and support its mission. They can help develop or refine gift acceptance policies. The committee can review materials for clarity and accuracy. Those members who are gifted at public speaking may speak at seminars. Almost every planned-giving committee serves in an advisory capacity. Individual committee members vary greatly in how much pro bono work they will perform for the nonprofit organization or for planned-gift donors. Many will help donors with simple codicil language. Some might offer general advice on estate planning. However, to avoid conflicts of interest, nonprofit organizations and estate-planning professionals serving as volunteers for those institutions must remind donors to work with their own estate-planning professionals.

Whether the organization decides to establish a planned-giving committee or not, its executive director, development director, and key board members should network with estate-planning professionals: attorneys, certified public accountants, trust officers, insurance professionals, financial planners, and planned-giving advisors. These professionals should be told about the important work the organization does and be informed as to which types of planned gifts the charity accepts. Seek their advice and help.

Estate-planning professionals are among an organization's most important allies. Frequently they directly or indirectly offer recommendations when

requested by philanthropic individuals who are making their estate plans. At a minimum, estate-planning professionals might ask whether clients have any interest in remembering any charitable organizations in a will or estate plan. At times, professionals might suggest that charitable gift planning could help clients better provide for family and loved ones. At a critical point in the estate-planning process, estate-planning professionals that are familiar with the accomplishments of your organization might even choose to mention that to the client.

## Seminars

Mature organizations might conduct a number of planned-giving seminars each year. The simplest way would be to conduct one seminar annually for supporters and prospective supporters. Many organizations prefer to conduct separate planned-giving seminars each year for prospects as opposed to estate-planning professionals.

The seminars for prospects might focus on the general need for estate planning. People need to be reminded that without planning, the government can receive a disproportionate portion of their assets and estate, or the estate may transfer to someone outside the donor's wishes. One main message of each seminar is to encourage all people to make wills and estate plans. Another message is that it is possible for donors to perpetuate their values and ensure their legacy by remembering the nonprofit organization in their wills.

Some seminars focus on wills and estate plans. Others provide a broad overview of gift-planning vehicles, such as charitable gift annuities, CRTs, life insurance donations, gifts of residences, and wealth replacement trusts. Organizations with many supporters may try several formats with differing emphases. In any case, be sure that the seminars take place in a comfortable setting. The invitation and presentation should focus on benefits to the donor. Be sure to give each attendee valuable information to take home, including sample codicil language.

The presenter should use helpful examples of gift-planning strategies. The examples used should refer to people in the same age group and socioeconomic circumstances as the seminar attendees. The situations and assets referred to also should be relevant. The presenter should use as many participatory techniques as possible. The objective is to engage the audience, not to lecture. Above all, trust documents should *not* be read to the audience. It is very difficult to influence people who are asleep.

Make follow-up visits to attendees who indicate interest in the gift-planning strategies that were covered. Offer to share computer-generated illustrations of benefits. These printouts, often generated by proprietary programs licensed by planned-giving vendors, allow the user to input basic information provided by

prospective supporters and calculate income and capital gains tax savings, estate tax benefits, and cash flows generated by life income gifts, and to project the value of the end gift to charity.

If the nonprofit organization does not have planned-giving software, work with a consultant or find a colleague who can furnish presentation materials related to tax calculations and cash-flow projections. Also, development professionals who are not experienced in charitable gift planning should be sure to work closely with an experienced planned-giving professional.

Planned-giving seminars for estate-planning professionals generally take one of two approaches: either a general overview of the organization and planned-giving strategies or a more in-depth technical presentation focusing on one or two estate-planning strategies. Often the general overview is presented as a social and informative gathering; the invitation might even mention that this gathering is an opportunity for networking. The more technical seminars are especially attractive to estate-planning professionals if they can receive continuing educational units (CEUs) for attendance.

In all cases, spend at least a few moments in each seminar pointing out the good works of the organization. Also, furnish copies of the case statement and other promotional materials in the presentation folder each attendee receives.

Other points to be made at each seminar include:

- Planned-giving strategies allow the donor to better provide for family and loved ones while also making a significant investment in the charity.
- The organization will always approach planned giving from the donor's perspective, and the seminar functions only to provide information on alternatives, not to draw up final documents and agreements.
- Many planned-giving vehicles provide the donor with income for life.
- Planned-giving strategies often increase the donor's current income.
- When considering charitable contributions, donors can use many different types of assets—and many gift-planning vehicles.
- While organization representatives are available to explain a number of charitable gift options, donors should consult their own planning professionals.
- To sustain and enhance the valuable work of the organization, the institution needs current and long-term contributed income.

### **Print Materials and Publications**

The simplest way to begin a planned-giving program for an organization is to publish the phrase “Please remember our organization in your will or estate plan”

in each newsletter and in other publications. Of course, use the legal name of your organization and be sure to include your organization's federal tax identification number (or FEIN). Using the full legal name of your organization and tax ID number will help the donor's estate-planning attorney correctly identify the intended charitable beneficiary and avoid confusion after the donor passes away.

If desired, the message may be varied. At times, a phrase such as "If you have remembered our organization in your will, please let us know so that we may acknowledge your thoughtfulness with membership in our Legacy Society" may be appropriate. You may also include simple planned-giving articles in the organization's newsletter.

Some organizations print the "Please remember . . ." phrase on the bottom of their stationery. Others print the message on the back of the stationery used for acknowledgment letters. Many organizations include planned giving-specific pages on their websites; these may be produced in-house or licensed from a planned-giving service provider.

An inexpensive idea is to print simple gift-planning reminder messages on slips of paper that can be placed inside the envelope with the thank-you letter. These reminder slips can be printed three or four to a page; thus, the cost is extremely minimal. Even more important, by placing the slips in the thank-you letters, the message is being targeted to the best prospects—current donors.

Be creative. Vary planned-giving messages. Using the organization's newsletters, annual reports, program books, thank-you stationery, and other internal print materials, as well as the website, will consistently educate supporters about the importance of bequests and estate planning.

Besides sending internal publications, fundraisers may wish to purchase and mail gift-planning materials from organizations that provide these materials. These gift-planning consultants and publishers offer a wide variety of brochures, pamphlets, newsletters, and web copy. Some materials provide a broad overview of planned-giving strategies; others cover specific topics, such as wills and bequests, charitable gift annuities, year-end tax planning, and CRTs.

Often these materials may be customized with the imprint of the nonprofit organization's name, logo, and address on the predesigned piece. Because the publisher enjoys an economy of scale, the price for each brochure is often less than the cost for the nonprofit organization to print its own materials. However, organizations with large constituent files and access to legal counsel may prefer to develop their own materials.

Every organization faces budget constraints. However, planned-giving professionals advise communicating with as many constituents as possible. The nonprofit organization's newsletter should contain valuable gift-planning information and most probably is mailed or emailed to the entire in-house list. The reminder slips placed in thank-you letters are targeted to current donors.

Who receives the more expensive planned-giving brochures? Certainly those people who have requested the information. Beyond that, the answer becomes a bit more complex and usually is some compromise based on the demographics of the donor base and budget constraints. The best prospects for planned gifts are the most loyal supporters. There are three indicators of such loyalty: the donor's cumulative giving, the size of the donor's largest gift, and the number of donations the donor has made. A donor whose total multiyear giving exceeds \$10,000 has clearly indicated support for an organization. A donor who has given a single gift of \$1,000 or more might very well share the organization's aspirations. A donor who has made 10 or more contributions, no matter how small, has indicated a marked degree of loyalty to the organization. Some of these donors, due to reduced income, may be giving less, or not at all, in recent years. However, because of their loyalty, they may be your best prospects for a planned gift and should not be overlooked.

The important point here is not so much the specific numbers used. Each organization has a different view of what a large gift is, which cumulative amounts are significant, and how many gifts indicate shared values. An organization will want to segment its mail list and send as many planned-giving brochures as are cost effective based on three criteria: cumulative giving, largest gift, and number of contributions. In this way, the organization will be sure to communicate with each of its very best planned-giving prospects.

A word of caution here: Many of the preprinted materials are designed with no response card. Others encourage the supporter to request more information. Too often, nonprofit organizations mail a brochure—and respond to the supporter's request for more information by sending another brochure. To make matters worse, the second brochure frequently has no response card.

To avoid this seemingly never-ending cycle of responding to printed material with more printed material, choose brochures that have response cards. Especially look for or design planned-giving materials with response devices that invite further contact.

If the materials ordered do not have a response card, design one and place it in the brochure. Or send the brochure with a cover letter that states: "I hope you find the enclosed information helpful. I'll give you a call early next week to answer any questions you may have." Also have easy ways online for a donor to request more information. In all cases, be clear that a request for additional information is confidential and presents no obligation to the donor.

Now that response devices are provided in the planned-giving materials, be sure to stagger mailings so that staff can respond in a timely fashion to those who call or send in the response cards. The aim is to keep the dialogue open and personal.

## Importance of Personal Contact

People who respond to planned-giving materials should be visited personally whenever possible. At a minimum, they should be contacted by telephone. After all, these people so believe in the organization's mission that they are considering a bequest or other planned gift. Make no mistake. This represents a unique level of commitment. People with resource development responsibilities absolutely must follow through in the most personal and empathetic manner possible.

It is also important to create opportunities to meet supporters to discuss gift planning, even those who have not yet indicated an interest in planned gifts. Some organizations make it a habit to proactively seek appointments with their top donors. Often the development director and a member of the board arrange a meeting to discuss a range of issues. The meeting is used to thank the donor personally. The representatives of the nonprofit also might ask donors' opinions of how well the organization is carrying out its stated aims. Donors appreciate the opportunity to offer advice. During these meetings the nonprofit representatives might ask whether the donor is familiar with gift-planning strategies. The discussion might also include the importance of bequests.

If the response is favorable, the representatives of the nonprofit organization might ask the supporter to consider membership in the legacy society or whatever name the organization uses for its planned-gift recognition program. Thoughtful donors can be acknowledged generously and graciously when they indicate that they have remembered the organization in their estate plans. Additionally, this allows the organization additional opportunities to deepen the donor's relationship with the nonprofit, especially critical when a gift is revocable, such as a bequest in a will.

## ENDOWMENT FUND

With permanent endowment funds, only the earnings are distributed; the principal remains untouched and is invested in perpetuity. Endowment funds are important to the nonprofit organization's long-term viability and financial health. Contributions to endowment funds allow donors to make major investments in an organization and enable them to perpetuate their values.

If an organization was founded more than 10 years ago and still does not have an endowment fund established, its creation should be a high priority. In the Kevin Costner movie *Field of Dreams*, Costner's character, Ray Kinsella, heard a voice saying, "If you build it, they will come." It is much the same with endowment funds. If you establish the endowment fund, people will donate. Donors rarely think of contributing to an endowment fund that has not been established. However, by establishing the fund and referring to it in public

statements and in the organization's publications, the endowment seems to take on a life of its own. Over time, donations and bequests will increase and the endowment will grow.

Organizations wishing to establish endowment funds have a number of options. They may create a separate 501(c)(3) foundation to manage the endowment funds for the benefit of the existing nonprofit organization. Or the endowment funds might be placed or established in the city's community foundation. Some organizations hire trust companies or financial advisors to manage their endowment funds. Alternatively, if the funds are still relatively small, the organization's board, staff, and volunteers might establish, invest, and monitor the funds.

In any case, the board will need to adopt appropriate gift acceptance and investment policies. Beyond establishing the endowment fund, the most effective way to ensure healthy growth of the endowment is to publicize the bequests program.

This chapter has devoted a fair amount of space to various gift-planning strategies. Now it is time to focus attention on the simplest, most common, and easiest-to-understand planned gift: the bequest. Mention wills and bequests in the organization's written materials and existing publications. Write short articles reminding donors of the importance of drawing up a will or establishing an estate plan. Publish the sample codicil language mentioned earlier. Be consistent in the reminders. These few simple steps will help ensure that the organization will have the endowment funds needed to sustain its work for decades to come.

## **SAMPLE MARKETING PLAN FOR CHARITABLE GIFT ANNUITIES**

To see how these donor education strategies might fit together, consider following this easy-to-administer plan to promote charitable gift annuities.

### **Initial Activities**

- Register in your home state and in any other states where you wish to offer charitable gift annuities. There are firms that can assist you with this if you do not have someone on staff qualified to do this.
- Develop a charitable gift annuity brochure for the organization. The brochure should contain a "request for an illustration of benefits." Or use one purchased from one of the planned-giving service providers.
- Develop a standard ad format for the organization's newsletters with a clip-out coupon to request more information. In addition to the donor's contact

information, request his or her birth date, as this is useful for determining which planned-giving options might be most attractive.

- Develop a webpage that explains the benefits of planned giving and invites people to contact you for additional free, no obligation information.
- Develop a standard letter to respond to those asking for additional information (see Exhibit 13.5). Call prior to sending out this information to make sure your information is correct.
- Develop planned-giving reminder slips to include with selected thank-you letters.

### EXHIBIT 13.5 SAMPLE LETTER TO ACCOMPANY CHARITABLE GIFT ANNUITY

[Date]

[Mail Name]

[Address]

[City, ST ZIP]

[Salutation],

Thank you for this opportunity to provide an illustration of the benefits you will receive as a donor to [Name of Organization] and the establishment of a two-life charitable gift annuity. We appreciate your interest.

To summarize the attached illustration, your ages at the time you propose to send your \$50,000 gift (75 years and 70 years, respectively) resulted in an annuity rate of 4.8%. It is estimated that you will receive annual income of \$2,400, \$764.26 of which will be tax free. Additionally, you will receive an income-tax deduction of \$14,278.64 at the time of the gift, and the property you propose to donate would bypass capital gains taxes.

A gift to [Name of Organization] is irrevocable, and the lifetime annual income is guaranteed by the full faith and credit of [Name of Organization].

If you are ready at this time to make your gift, please complete the attached charitable gift annuity application form and return it with your check made payable to [Name of Organization]. Also, provide a copy of each of your driver's licenses, passports, or birth certificates as verification of your ages. Upon receipt we will complete a gift annuity agreement for you to sign.

You might wish to discuss this gift with your financial planner or attorney. If you or they have any questions, please call me at \_\_\_\_\_, or send an email to \_\_\_\_\_.

Thank you for your extraordinary generosity. Your continued support of [Name of Organization] is truly appreciated.

Sincerely,

[Name]

[Title]

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- Consider using preprinted, purchased brochures if you do not have skilled staff with the time to develop these.
- Discuss potential segmentation. All current and former givers are prospects for planned gifts. The best prospects have given frequently. Of course, the best prospects also include those whose cumulative giving is in the top 20 percent of the in-house list. Also include individuals who have made major gifts to the organization.
- Send a mailing that includes a charitable gift annuity brochure at least once a year. (Do not include this brochure with a strictly fundraising mailing, such as direct mail. This can siphon off donations.) If you have a postage permit, include a postage-paid business return envelope with the mailing.

### **Response to Inquiry**

Once a reply has been received from a charitable gift annuity prospect, follow this step-by-step approach:

1. If the inquiry is in response to a piece that states, “Send me information about charitable gift annuities,” call and thank the prospect for his or her continuing support and interest. Send a response letter with a form that the supporter can fill out requesting an illustration of benefits. Alternatively, include a brochure and ask the prospective donor to complete the form in it. If the inquiry includes the charitable gift annuity response form, go directly to the next step.
2. When the nonprofit organization receives the response form, a knowledgeable representative of the organization should call and thank the prospect. Review the information on the application and state that a personalized illustration of benefits will be put together. The conversation might include something such as the following: “I’ll be in your area Thursday. Could I stop by with the information?” If the prospect replies affirmatively, make an appointment. Use the illustration of benefits on your visit to help the prospect make a mutually beneficial decision. If an organization representative cannot meet personally with the prospect, send the illustration of benefits by mail with a letter indicating that someone will call “in case you have any questions.”

### **Completion of Gift**

When the charitable gift annuity agreement (see Exhibit 13.6) is prepared, call and ask the contributor if he or she prefers to receive it via mail or online, or if you can deliver it in person (if that is an option). Once the supporter and the nonprofit

**EXHIBIT 13.6 CHARITABLE GIFT ANNUITY DOCUMENT**

THIS AGREEMENT is made and entered into on [Date] by and between [Name of Donor(s)] of [Donor City and State] and [Name of Organization], a nonprofit corporation incorporated under the laws of the State of [State Name] and located in [City and State].

WITNESSETH:

THAT WHEREAS the said [Name of Donor(s)] have paid and delivered to [Name of Organization] the sum of \$[Gift Amount] lawful money of the United States of America or its equivalent, the receipt whereof is hereby acknowledged:

NOW THEREFORE [Name of Organization] hereby agrees to pay [Name of Donor(s)] jointly, and after the first of them to die to the survivor of them, during the natural lifetime of such survivor the sum of \$[Annual Annuity Amount] each year from and after the date hereof, payable in equal quarterly payments, the first payment being \$[Quarterly Annuity Amount] on the [Date of First Payment] day of [Month] [Year], and subsequent payments of \$[Quarterly Annuity Amount] on the last day of [Month] [Year], and quarterly thereafter on the last day of the month, as long as either of the said [Name of Donor(s)] shall live.

IT IS FURTHER AGREED that all obligations under this agreement shall terminate with the payment made prior to the death of the last annuitant and the remainder shall be the property of the [Name of Organization] without any further claim or change thereon, to be used for the purpose of the corporation.

This annuity is nonassignable.

[Name of Organization]

By: \_\_\_\_\_ [Signature]

[Title]

NOTE: We are not offering legal advice. When drawing up legal documents, each nonprofit organization should consult with its attorney.

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have signed the charitable gift annuity agreement and the donation has been received, send a thank-you letter indicating standard tax information about the nature of the gift and repeat the main benefits of the annuity. Also indicate when the supporter may expect the first annuity payment.

### **Follow-Up**

To maintain strong relationships with charitable gift annuitants, the nonprofit organization can take a number of steps. For example, a key person with the organization may send holiday cards, birthday or anniversary cards, and periodic personal notes. Polite thank-you letters must be sent with the annuity payments. At the annual anniversary of the original gift, arrange for a visit “to see how things are going.”

Current annuitants are the nonprofit organization's best prospects for additional charitable gift annuities. Some donors start with a modest contribution. Upon experiencing the benefits and favorable interest rates with the smaller gift annuity, they gain confidence and make arrangements for larger charitable gift annuities.

To expand an organization's charitable gift annuity program, send a special letter thanking current annuitants. In the letter, indicate that "many of our friends who currently have annuities find it a good idea to consider another." Include a brochure and a return envelope. As always, the brochure should come with a response form.

## **PLANNED-GIVING SOCIETIES**

One of the most effective ways of encouraging planned gifts is to create a gift club for people who have remembered the organization in their wills or estate plans. Membership should be open to all who have indicated that they have provided for the organization or who have otherwise made planned gifts.

Names for such groups generally are closely tied to the organization. Often they are named after the late founder or another notable supporter.

Using the organization's newsletter, announce the formation of the society. Also promote the society in all internal publications. When possible, create a plaque or wall of honor acknowledging members of the planned-gift club and include a listing in your annual report. However, be sure to receive written permission from donors before publicizing their names.

Consider a "members only" event for the planned-gift society. For example, members can be invited to an annual lunch or dinner or to an insiders' briefing via the telephone. Use the opportunity to provide a "State of the Charity" talk or to share information that is not yet public knowledge.

Other benefits may be offered in addition, depending on the kind of organization you represent and the services you offer. For example, theaters may offer tickets to plays, museums can provide free guest passes or behind-the-scene tours, and schools can have special activities at homecoming. Lapel pins or another commemorative items are also options.

In summary, people who make planned gifts are without doubt an organization's best friends. However, when a gift is revocable, you cannot assume the gift is final until the money is deposited in your account. Therefore, treat all planned gift donors with the love and respect they deserve, and always make sure they know that they are highly valued by your organization.

## Capital and Endowment Campaigns

*Make no little plans; they have no magic to stir men's blood . . . . Make big plans, aim high in hope and work.*

—DANIEL H. BURNHAM, AS QUOTED IN *THE RAISING OF MONEY*

### REQUIREMENTS FOR A SUCCESSFUL CAMPAIGN

A capital campaign is a fundraising activity designed to raise money for a tangible need. This may be a building, a large piece of equipment, or other larger cost items that are necessary for the carrying out of your mission or for expanding the work you do. An endowment campaign is a fundraising program to raise funds to be set aside in an interest-bearing account to insure the perpetuity of the organization. Typically, endowment funds are not spent; only the interest the fund earns is used for immediate budget needs. To conduct a successful capital and/or endowment campaign, an organization must convince its constituents that the project deserves support. The plan must be visionary. The plan must make sense. The project has to be consistent with the organization's mission and strategic long-range plan.

Each of the chapters in this book—especially Chapters 4 through 8—is integral to the planning and implementation of a successful capital campaign. The planned-giving information in Chapter 13 is essential to the success of any endowment-building program. Armed with the information from earlier chapters, readers can focus attention on the critical success factors described in this chapter.

Resource development professionals who have had years of capital and endowment campaign experience have come to recognize seven fundamental prerequisites for successful campaigns:

1. Based on its record of service, the organization must be worthy of support. Potential supporters must have confidence in the organization.

**EXHIBIT 14.1 SMALL CONSTITUENCY \$1 MILLION CAMPAIGN****Standard of Investments Necessary to Achieve \$1,000,000 Goal**

Number of Gifts Required	Investment Level		Value
	3-Year Pledge Period	Annual Amount	
1	\$150,000	\$50,000	\$150,000
2	\$75,000	\$25,000	\$150,000
3	\$50,000	\$16,667	\$150,000
4	\$30,000	\$10,000	\$120,000
8	\$15,000	\$5,000	\$120,000
14	\$7,500	\$2,500	\$105,000
17	\$5,000	\$1,667	\$85,000
25	\$3,000	\$1,000	\$75,000
30	\$1,500	\$500	\$45,000
104			\$1,000,000

2. The case for support for the proposed capital and/or endowment campaign must be understood and accepted.
3. The constituents must have the capability to support the campaign at the necessary giving levels (see Exhibits 14.1 to 14.6). The funds must be available and attainable. Remember the rule of thirds, an old but still-reliable guideline for capital campaigns: One-third to one-half of the total will come from the top 10 gifts; one-third will come from the next 100 donations; the remainder comes from all other prospects.

**EXHIBIT 14.2 SMALL CONSTITUENCY \$2 MILLION CAMPAIGN****Standard of Investments Necessary to Achieve \$2,000,000 Goal**

Number of Gifts Required	Investment Level		Value
	3-Year Pledge Period	Annual Amount	
1	\$300,000	\$100,000	\$300,000
2	\$150,000	\$50,000	\$300,000
3	\$75,000	\$25,000	\$225,000
5	\$50,000	\$16,667	\$250,000
9	\$30,000	\$10,000	\$270,000
15	\$15,000	\$5,000	\$225,000
20	\$7,500	\$2,500	\$150,000
26	\$5,000	\$1,667	\$130,000
30	\$3,000	\$1,000	\$90,000
40	\$1,500	\$500	\$60,000
151			\$2,000,000

**EXHIBIT 14.3 SMALL CONSTITUENCY \$3 MILLION CAMPAIGN**

**Standard of Investments Necessary to Achieve \$3,000,000 Goal**

<b>Number of Gifts Required</b>	<b>Investment Level 3-Year Pledge Period</b>	<b>Annual Amount</b>	<b>Value</b>
1	\$500,000	\$166,667	\$500,000
1	\$300,000	\$100,000	\$300,000
2	\$150,000	\$50,000	\$300,000
3	\$75,000	\$25,000	\$225,000
6	\$50,000	\$16,667	\$300,000
10	\$30,000	\$10,000	\$300,000
20	\$15,000	\$5,000	\$300,000
30	\$7,500	\$2,500	\$225,000
50	\$5,000	\$1,667	\$250,000
60	\$3,000	\$1,000	\$180,000
80	\$1,500	\$500	\$120,000
<u>263</u>			<u>\$3,000,000</u>

4. Strong volunteer leadership must be recruited. The campaign organization will require enthusiastic and generous leaders and volunteers.
5. The philanthropic environment and timing must be right.
6. The campaign must be well organized and staffed with individuals capable of supporting a major project initiative and fundraising campaign.
7. The board of directors must have a sufficient number of members who are influential within the community. Moreover, all advisory and governing boards close to the proposed capital/endowment campaign must be totally committed to the project's success.

**EXHIBIT 14.4 MID-SIZED CONSTITUENCY \$2.5 MILLION CAMPAIGN**

**Standard of Investments Necessary to Achieve \$2,500,000 Goal**

<b>Number of Gifts Required</b>	<b>Investment Level 3-year Pledge Period</b>	<b>Annual Amount</b>	<b>Value</b>
1	\$300,000	\$100,000	\$300,000
2	\$150,000	\$50,000	\$300,000
3	\$75,000	\$25,000	\$225,000
3	\$50,000	\$16,667	\$150,000
5	\$30,000	\$10,000	\$150,000
20	\$15,000	\$5,000	\$300,000
30	\$7,500	\$2,500	\$225,000
50	\$5,000	\$1,667	\$250,000
100	\$3,000	\$1,000	\$300,000
200	\$1,500	\$500	\$300,000
<u>414</u>			<u>\$2,500,000</u>

**EXHIBIT 14.5 LARGE CONSTITUENCY \$5 MILLION CAMPAIGN****Standard of Investments Necessary to Achieve \$5,000,000 Goal**

<b>Number of Gifts Required</b>	<b>Investment Level 3-Year Pledge Period</b>	<b>Annual Amount</b>	<b>Value</b>
1	\$1,000,000	\$333,334	\$1,000,000
1	\$500,000	\$166,667	\$500,000
1	\$300,000	\$100,000	\$300,000
2	\$150,000	\$50,000	\$300,000
3	\$75,000	\$25,000	\$225,000
4	\$50,000	\$16,667	\$200,000
10	\$30,000	\$10,000	\$300,000
25	\$15,000	\$5,000	\$375,000
40	\$7,500	\$2,500	\$300,000
60	\$5,000	\$1,667	\$300,000
200	\$3,000	\$1,000	\$600,000
400	\$1,500	\$500	\$600,000
<u>747</u>			<u>\$5,000,000</u>

There is an excellent—and free—online tool that allows you to quickly calculate your own gift level table for the amount of your goal. Exhibit 14.7 was produced using this calculator. You can access the Gift Range Calculator at [www.giftrangecalculator.com](http://www.giftrangecalculator.com).

When all these prerequisite factors are in place, the results are often spectacular. Universities raise hundreds of millions of dollars—even multiple billions of dollars—through campaigns. Large healthcare institutions garner tens or

**EXHIBIT 14.6 SMALL CONSTITUENCY, STRONG LEADERSHIP \$15 MILLION CAMPAIGN****Standard of Investments Necessary to Achieve \$15,000,000 Goal**

<b>Number of Gifts Required</b>	<b>Investment Level 3-Year Pledge Period</b>	<b>Annual Amount</b>	<b>Value</b>
1	\$3,000,000	\$1,000,000	\$3,000,000
1	\$1,500,000	\$500,000	\$1,500,000
3	\$1,000,000	\$333,333	\$3,000,000
3	\$500,000	\$166,666	\$1,500,000
6	\$300,000	\$100,000	\$1,800,000
9	\$150,000	\$50,000	\$1,350,000
11	\$75,000	\$25,000	\$825,000
15	\$50,000	\$16,666	\$750,000
25	\$30,000	\$10,000	\$750,000
35	\$15,000	\$5,000	\$525,000
<u>109</u>			<u>\$15,000,000</u>

## EXHIBIT 14.7 GIFT RANGE CALCULATOR

Target Amount: \$1,500,000

Gift Range	# Gifts Req.	# Prospects Req.	Subtotal	Cumulative Total	Cumulative %
\$375,000	1	5	\$375,000	\$375,000	25%
\$225,000	1	5	\$225,000	\$600,000	40%
\$150,000	2	10	\$300,000	\$900,000	60%
\$112,500	2	10	\$225,000	\$1,125,000	75%
\$75,000	3	15	\$225,000	\$1,350,000	90%
\$37,500	4	20	\$150,000	\$1,500,000	100%
\$30,000	6	30	\$180,000	\$1,680,000	112%
\$15,000	8	40	\$120,000	\$1,800,000	120%
\$7,500	10	50	\$75,000	\$1,875,000	125%
\$3,750	12	60	\$45,000	\$1,920,000	128%
Total:	49	245			\$1,920,000

You'll notice the total adds up to over 100%. This is intentional:

1. Costs of construction always tend to go up.
2. Nonprofits often neglect to budget donor recognition in their plans. Plaques and signs always add up to more than we expect.
3. It's always better to raise more money than you need.

SOURCE: Example prepared using the Gift Range Calculator; [www.giftrangecalculator.com](http://www.giftrangecalculator.com). Used with permission.

hundreds of millions of dollars for buildings, endowment, and equipment. Arts institutions, independent schools, Ys, churches, synagogues, and nonprofit institutions and houses of worship of every ilk have raised thousands, even millions, of dollars. Every nonprofit organization that has a solid vision for its future and committed board members and major donors has the potential to launch and conduct a successful campaign. In many cases, organizations with little fundraising experience have organized successful multimillion-dollar campaigns, relying on best practices to develop a campaign and achieve extraordinary results.

Still, many organizations get it wrong. Some of the most common mistakes come from a lack of understanding of the true nature of capital campaigns. Many volunteers or less experienced staff come to the capital campaign with an annual fund drive focus or with a point of view shaped by the public (final) phase of some other capital campaign. These misguided efforts rely on direct mail and special events, and focus on a broad base of support. While such strategies may be useful during the final phase of a capital campaign and can help get all your constituents excited about your future, they generally are incompatible with the foundation that must be in place to operate a successful capital campaign.

Capital campaigns are built around leadership giving. As mentioned, one-third to one-half of the funds raised will come from the top 10 donors. In church campaigns, an old rule holds that 50 percent of the funds will come from 15 percent

of the congregation. To be sure, there are exceptions to these rules. Surprisingly, however, most exceptions lead to an *even greater* reliance on leadership gifts. For example, in recent years many houses of worship have found that a portion larger than 50 percent will come from the top 10 percent of their donors.

Because leadership gifts are so important to the success of the campaign, the primary strategy used in capital campaigns is person-to-person contact. Preparation, research, and relationship-building activities take time. The institution must ensure that all constituencies support the visionary plan. Leaders of the nonprofit organization also must know their current and prospective pacesetter donors very well. Supporters who are expected to play leadership roles must have an opportunity to shape the organization's plans.

Organizations get into trouble with their capital campaigns when they announce the goal prior to securing leadership contributions. Organizations should not announce or broadly promote their capital campaigns until a high percentage of the pledges are secured during the "quiet" or "advancement" phase of the drive. While this may only raise 50 to 60 percent in an organization like a church, major organizations often raise 80 to 90 percent of the campaign funds before publically announcing the campaign and its goal.

## **CHRONOLOGICAL STEPS FOR SUCCESS**

Capital campaigns are characterized by visionary projects and large financial goals. The funds are typically attained during a multiyear pledge period. The project must be well accepted by the organization's supporters. And the funds are raised through an intense effort based on face-to-face contacts. The solicitations are sequential in nature. Leadership contributions are secured first from those closest to the organization who are capable of making pacesetter investments. Prospects and supporters close to the organization with more modest means are approached after the leadership gifts have been secured. Finally, there is a public phase when the larger base of supporters is approached for capital contributions.

But even before the advancement, or "quiet," phase of the campaign, a number of important tasks must be accomplished. Exhibit 14.8 illustrates a comprehensive timeline for a capital campaign.

### **Prestudy Phase**

The first stage in preparation for a capital or endowment campaign is designed to ensure the institution's readiness to engage in such a significant undertaking. The following is a list of tasks to accomplish:

- Determine how the campaign will be managed. Some organizations choose to hire an outside capital campaign consultant, while others either hire staff

EXHIBIT 14.8

CAPITAL CAMPAIGN TIMELINE

Activity	Year 1												Year 2												Year 3											
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun										
Define need, establish expense budget, develop preliminary statement of need.	X	X																																		
Begin identification of 100 top prospects.		X	X																																	
Refine project budget.			X	X	X	X	X	X																												
Develop awareness plan: Brief top potential supporters, keep the board involved.					X	X	X	X	X																											
Interviews to refine case statement and 100 top prospects list.									X	X	X																									
Conduct planning study interviews.												X																								
Report study results.													X																							
Revise case statement, recruit campaign leadership and begin advancement phase.														X		X	X																			
Develop plan of campaign, schedule, brochure, etc.															X	X																				
Intensify prospect research and evaluation.															X	X																				
Identify and recruit hosts for awareness meetings.																X																				
Conduct awareness meetings.																	X																			
Complete advance gift solicitation.																X	X																			
Intermediate gift solicitation.																		X	X	X																
Public phase solicitation.																				X	X	X	X	X	X	X	X									
Celebratory close to campaign.																											X									
Post-campaign cleanup.																											X									

to manage the campaign or use existing staff with expertise in this area. A capital campaign requires a significant investment in time to be managed properly, so assuming existing staff can do this as an addendum to their existing duties often leads to failure of the campaign.

- Review all issues related to board development. Strengthen nominating criteria and processes. Seek people with affluence and influence. Seek diversity. Strengthen, expand, and activate the board's committees.
- Intensify the project planning. At every step, involve as many board members, volunteers, and potential large supporters as possible.
- Prepare preliminary written materials describing the project, its history, rationale, and case for support. Stress the project's benefits to the community and why now is the time to invest in this project.
- Prepare a number of project budgets. Examine the total contributed income necessary to operate the organization and accommodate the capital or endowment requirements. Examine a number of what-if scenarios.
- Refine the preliminary materials based on discoveries during the preliminary budget formulation process.
- Prepare the following draft materials:
  - Case for support
  - Project plan and timeline (consider obtaining architects' sketches or preliminary elevations and floor plans, if applicable)
  - Spreadsheets or draft budgets illustrating various options
  - Tentative income requirements—including the first estimate of the campaign goal
  - Description of your needs on a prioritized basis
  - Statement of how the project fits into the institution's overall long-range plan
  - Preliminary gift range calculations, also called a gift pyramid

Hiring independent capital campaign counsel or staff with experience in managing successful capital campaigns can often help facilitate the process by which these tasks are accomplished. Development staff and/or campaign counsel also can help create the preliminary campaign materials.

Throughout this process, the organization must work to ensure that it is well positioned in the philanthropic community. Be sure that volunteers, advisory committees, governing bodies, and potential supporters stay actively involved in the planning process. If any key people or constituencies have been overlooked, brief them and make every effort to get them involved.

Provide numerous opportunities for key decision makers to learn more about resource development principles and practices. If it has not been done already, form a resource development committee that will help shape the organization's comprehensive fundraising strategy. This committee may seek advice and work with counsel to formulate the overall fundraising strategy. Most important, develop a core of knowledgeable people who will help the organization avoid the common mistakes in preparing for a capital campaign. These advisors and the fundraising committee will remind other board members and volunteers to focus on leadership gifts, to seek support from individuals as well as from foundations and corporations, and to remind other volunteers that the appropriate strategy for a capital campaign is personal contact—not mail, phone, or special events. This is the group that will stress the importance of a multiyear pledge period for achieving the campaign goal.

The organization must be certain it has a strong fundraising database. The system must accommodate detailed information about each current and potential supporter. It must also permit the lists to be segmented based on the prospects' ability to donate at various levels, as well as other criteria. The system must also allow for the tracking of all volunteer solicitor assignments, generate reports and record pledges, and track pledge balances and payments.

Prospect research was discussed in Chapter 6. If you have not yet followed the advice in that chapter, now is the time to reread it and get to work. While implementing the prospect research program, focus on the four key points:

1. The prospective donor's interests—especially as they may relate to the capital campaign
2. The prospective donor's relationship to the organization and to the capital project
3. The prospective donor's capacity to give (based on assets as well as annual income)
4. The prospective donor's network of associates

Be sure to keep written records of this information. This is the time to begin to arrive at specific request amounts from specific donors.

If professional capital campaign counsel or staff have not yet been engaged, now would be a good time to do so. Even organizations with a large, experienced resource development staff find it helpful to work with a consulting firm or with temporary hires experienced in capital campaigns. Such experienced counsel helps reduce risk and helps ensure that the staff and volunteers stay on a path that maximizes the organization's fundraising potential. The services provided during the planning phase—including a feasibility study, philanthropic planning study, or market survey—are essential to the future success of the campaign.

Experienced people who will help maintain momentum and also provide guidance if unforeseen circumstances arise will provide great benefit to the campaign.

## Planning Study

A *feasibility study* or *precampaign planning study* is conducted by an independent and objective person or study team—almost always a fundraising consulting firm. Confidential interviews—usually 30 to 50—with selected individuals representing key prospective donors and volunteers of affluence and influence lie at the heart of the study. The study participants are sent a summary of the case statement prior to the interview. The confidential nature of the interviews allows the interviewees to speak candidly and have maximum input into the planning process.

There are two essential purposes of the planning study: It helps an organization determine its fundraising potential, and it performs a critical role in the relationship-nurturing process.

To understand how these two main purposes are achieved, consider the planning study process. To begin with, a planning study committee, task force, or other appropriate committee works to prepare and refine a preliminary case for support. This committee may also help refine the list of people to be interviewed. These initial activities are important steps in the process and can help strengthen an organization's bonds with those serving on this most important committee.

Consider the entire process from interviewees' perspectives. At first, potential study participants receive a letter similar to Exhibit 14.9 requesting the interview, as well as a summary case for support. Next, they receive a gracious phone call to establish the time for the interview. During this phone call, a representative of the organization or consulting firm—a person with good people skills—responds to any concerns potential interviewees may have concerning the reason for the study. Often participants need to be assured that the study is *not* a solicitation and that their responses will only be reported in the aggregate and thus remain confidential. Following the phone call, interviewees receive a letter confirming the appointment.

The next step is the interview. During the interview, the consultant asks a number of open-ended questions (see Exhibit 14.10), introduces the campaign's giving pyramid, and seeks advice concerning potential campaign donors and potential campaign leaders. The consultant also provides interviewees an opportunity to indicate their own potential range of support, while assuring interviewees during the interview that they are not being solicited and that their responses are not pledge commitments. The consultant explains that the information is being requested to estimate campaign potential.

**EXHIBIT 14.9 LETTER REQUESTING INTERVIEW**

Draft of Prescheduling Call Letter  
[XYZ Nonprofit Organization or Prominent Person's Letterhead]

[Date]

Mr. and Mrs. John Sample  
1234 Main Street  
Anytown, ST 99999

Dear Mr. and Mrs. Sample,

I am writing to ask for your insight and advice as XYZ Organization considers its future outreach. This is not a request for funding.

XYZ Nonprofit Organization provides compassionate services for [brief summary of mission]. Today, XYZ Nonprofit [summarize a few key accomplishments]. In these ever-changing times, our most pressing challenge is \_\_\_\_\_. To meet this challenge, we are considering [summary of anticipated campaign outcome].

In response to these needs, XYZ is embarking on a process designed to help us refine our plans and integrate the best advice from friends and community leaders. To help us with this process, [name of person] will conduct a number of confidential leadership interviews. Due to your insight, we would be honored if you would consent to being interviewed.

I would be very appreciative if you could meet with [name of person] for a confidential interview in which we ask you to share your frank opinions. These will then be summarized in a report to our organization, but your specific responses will remain anonymous. The interview will take no more than 30 to 45 minutes and will be conducted [on the telephone or at a location of your preference]. We will contact you in the next few days to answer any questions you have and to arrange a time that is convenient for you.

Enclosed is a draft summary of XYZ's current situation and our vision for the future that you can review prior to your interview. Thank you for your time and help.

With appreciation,

[Name]

[Title]

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Following the interview, study participants are sent a thank-you letter. Once the study is complete, representatives of the organization should arrange a meeting to discuss the findings and give a report to each interviewee. This briefing often evolves into the first explicit solicitation. The conversation might include words like these: "Given these findings and your commitment to the project, we hope that you might be in a position to play an important role in the campaign and consider one of these leadership gift opportunities."

In summary, the planning study process engages prospective supporters through intentional steps taking place in a brief period of time: the invitation letter, the appointment phone call, the confirmation letter, the interview, the

## EXHIBIT 14.10 INTERVIEW QUESTIONS

**Confidential Precampaign Interview**

[Name of Interviewee] \_\_\_\_\_

1. Are you familiar with or have you been associated with [Name of Organization]?
2. How would you characterize your relationship with [Name of Organization]?
3. What, in your opinion, is the organization's image with people in this region? How well accepted do you think [Name of Organization] is?

Excellent \_\_\_\_\_ Good \_\_\_\_\_ Fair \_\_\_\_\_ Poor \_\_\_\_\_

4. What is your personal judgment of [Name of Organization]?
5. With which activities of [Name of Organization] are you familiar? Which are strong? Are any weak?
6. Are there any proposed activities of which you disapprove? If so, why?
7. Are there specific projects or facilities you specifically would like to be put in place at [Name of Organization]?
8. What is your opinion of the organization's administration?
9. What do you think of [Name of Organization]'s case for support?
10. Does any part of the case for support have greater appeal for [you personally, your company, your foundation] than any other?
11. What factors would you point to that would help assure a successful fundraising campaign at this time?
12. What factors would you point to that could harm a fundraising campaign at this time?
13. Do you believe a \$[Campaign Goal] capital campaign payable over a 3-year period will be successful?

**Present Gift Chart**

14. Gifts by individuals account for most of our nation's philanthropic support. Could you, confidentially, identify the best prospects here in [town or region] to approach who might give in these ranges?

**[Name(s)]**

15. What organizations, corporations, or foundations might be approached?

**[Name(s)]**

16. Can you recommend a few names of people who would assure the success of the campaign if they assumed volunteer leadership positions?
17. Would you be willing to participate in this campaign by introducing us to these [people, corporations, and/or foundations] for purposes of fundraising?
18. We are not soliciting a gift at this time, but what could be an appropriate range—low to high—for you to consider as a gift to [Name of Organization]'s campaign as a pledge payable over a 3-year period?

High \_\_\_\_\_ Low \_\_\_\_\_

19. Would you consider a gift based on non-cash assets such as stocks, bonds, or land, or as a result of estate planning? Yes \_\_\_\_\_ No \_\_\_\_\_
20. Again in confidence, are there any questions I should have asked but didn't? Or, do you have any additional advice you care to give the [Name of Organization]?

Name of Interviewer \_\_\_\_\_

Date \_\_\_\_\_

thank-you letter, and the poststudy briefing. These six steps must be designed to bring people closer to the organization. Moreover, the information gathered during the interviews helps establish the campaign fundraising goal.

Immediately following the interview period, the consultant or lead campaign staff will review the findings and prepare specific recommendations regarding the campaign goal, strategies, and campaign timing; volunteer leadership; case for support; and other recommendations unique to an organization's particular circumstances. This will be reviewed by the board and key decision-making committees and lead to discussions of the findings, conclusions, and recommendations.

Successful capital campaigns are typically the result of a precampaign planning study. Small wonder—such studies position an organization to succeed and produce the following benefits:

- An organization's plans can be established within a context of rational financial goals. The study tests the reality of the project's contributed income requirements.
- The study uncovers valuable insights into community perceptions of the organization.
- Interviewees help identify potential volunteer leaders with the peer relationships needed for success of the campaign.
- Interviewees also help identify potential major-gift donors—new prospects with whom the organization might not be familiar.
- Potential leaders and major-gift donors will become more familiar with the organization's programs, aspirations, and need for the capital project.
- The study includes recommendations that enable the organization to strengthen, position, and organize its internal and external resources to meet the challenge of a major fundraising campaign.
- If the organization is not yet ready for a capital or endowment campaign, the report will contain specific recommendations concerning the steps needed to strengthen its position within the philanthropic community before launching this type of intense effort.

### **Advancement (“Quiet”) Phase**

Successful campaigns begin with a planning study followed by what some call the *advancement, or quiet, phase* of the campaign. During this period, early generous and pacesetter supporters are identified, cultivated, and solicited. A small core group of influential volunteers is recruited. This core group in turn intensifies the organization's other cultivation and leadership-awareness activities.

Note that at this stage, the nonprofit organization has not yet recruited the entire capital campaign leadership and volunteer team. Many volunteers are not needed until the intermediate and public phases of the campaign. If the organization recruits too many volunteers too early, enthusiasm dissipates because each group of volunteers must wait until the previous phase is completed.

Again, capital campaigns are sequential in nature. During the advancement phase, the organization can approach potential pacesetter contributors. The people who should make these approaches include the organization's president or executive director, the board chair, several of the most generous and influential members of the board, the chair of the capital campaign (if recruited shortly after the planning study), and key volunteers who are very respected in the community. The organization's director of development and the campaign consultant may also participate as team members working with key volunteers.

Note that approximately seven key volunteers are required—not a large formal campaign cabinet and structure. These seven people might be responsible for nurturing relationships and cultivating approximately five prospective leadership donors each. Thus the small group of volunteers and key staff can manage a solicitation process for approximately 35 top prospects. From these 35 prospects, the organization might expect to secure the 10 lead gifts that will account for 33 to 50 percent of the campaign goal. Not until the organization is close to securing the lead gifts should the key volunteers begin to recruit the entire campaign team for the intermediate and public phases.

The main problem with recruiting volunteers too soon is that this means promoting second-tier gifts prior to securing the leadership investments. During the advancement phase, all the focus and conversation should be about multi-million-dollar, million-dollar, and high-six-figure gift opportunities (or the appropriate gift range for the top 10 investments in your campaign). Real and psychological momentum is lost when top prospects become distracted by attention given to modest-level gifts.

Another issue related to early volunteer recruitment is that organizations must be sure to take advantage of the advice offered by study participants. These interviewees are the organization's best prospects. Their advice is valuable. When study participants offer suggestions about who should and should not be considered for a campaign leadership position, this advice should be heeded.

Suffice it to say that the advancement phase is the time to *begin* expanding and forming the volunteer structure. Focus on early solicitations and relationship-building activities. Breakfast briefings for businesspeople, focus groups, social/informative gatherings, and personal visits with leading philanthropists bring potential pacesetter donors closer to the nonprofit organization and its capital/endowment campaign.

During the advancement phase, the core group makes its initial approaches—most commonly several in-person visits—to potential pacesetter donors. The early visits are informative. Frequently, volunteers might suggest gift levels. Later visits are devoted to more detailed discussions of gift opportunities, pledge requests, pledge payment schedules, and other circumstances unique to the donor.

During the quiet phase, the nonprofit organization should secure pledges from 100 percent of the board of directors. Pledges from key administrative staff also should be sought. If the organization is a hospital, great care should be given to the staff solicitations. As much as 15 to 20 percent of the goal may be secured from the physicians and staff of the hospital.

Not until 100 percent participation from the board of directors and sufficient pacesetter pledges from key supporters have been secured should the campaign and the goal be spoken about publicly. To repeat: Do not go public until at least 50 percent of the established goal has been secured. This allows the campaign goal to be adjusted based on the organization's ability to attract pacesetter gifts. Perhaps more important, public announcements following the 50 percent rule inspire confidence. Momentum is established and built on. Anything less, and prospective donors are left wondering if the campaign goal is realistic, and whether their gifts would even make a difference if the goal is not achievable.

Some of the critical tasks that take place during the advancement phase include:

- Intensifying prospect research and capacity ratings. Determining request amounts and gift opportunities for specific donors. (This is an extension of work begun prior to the interviews.)
- Recruiting campaign leaders.
- Reconciling project plans to financial projections as determined by the feasibility study. Reaching agreement on the project budget, project phases, and fundraising goals.
- Revising the case statement based on suggestions from interviewees.
- Determining any naming opportunities (if applicable), and the gift amounts to be associated with these coveted opportunities.
- Developing and refining campaign strategies, organization, plans, and timelines. Stressing the importance of sequential phases in a successful campaign. Soliciting those closest to the project and those capable of giving leadership gifts.
- Adopting campaign policies and procedures.
- Refining the gift pyramid and ensuring that a sufficient number of gift opportunities correspond to the various gift levels.

- Planning public relations activities and acknowledgment events that support the sequential nature of the solicitation process.
- Producing brochures and other visual materials. (Do not go overboard too soon. Early on, material generated in-house is sufficient, although a well-produced DVD can serve an organization well at this stage.)

To reiterate, the advancement phase is the time to seek 100 percent participation from the board of directors, recruit campaign leaders, intensify cultivation activities, revisit study participants, and quietly solicit the lead gifts.

### **Intermediate Phase**

Following the solicitation of the board of directors and the prospective pace-setting leadership contributors, volunteers (who now include generous supporters recruited during the advancement phase) may approach the organization's second tier of contributors. These current and prospective supporters should have been invited to participate in cultivation activities during the advancement phase, so they know something about the capital or endowment campaign. In all probability, they are expecting to be asked to support the campaign.

During this intermediate phase, the organization may develop more elaborate printed campaign materials, recruit a broader base of volunteers, and go public. Consider a public announcement any time after 50 percent of the established goal is achieved, focusing on the results achieved to date. Continue cultivation activities and solicit contributions from the second tier of supporters.

Be sure that the volunteers are well oriented and have received enough role-playing and training opportunities. Remember the advice offered in Chapter 8: Don't overtrain. The volunteers need to feel comfortable and natural, not overwhelmed or scripted.

### **Public Phase**

Conclude the capital/endowment campaign with a broad-based appeal. Give every potential supporter an opportunity to participate.

Expand the volunteer base to the maximum number possible. Continue and intensify the number of social/informative cultivation gatherings. Early in this phase, stage a public announcement if one has not been made already; making this an extravaganza can attract media attention and generate interest in participating from people that you may not have had on your radar. Have a special event for volunteers that reenergizes them to complete their assignments and to help them maintain enthusiasm. Keep everyone focused on face-to-face contact, and be sure they leave feeling like heroes for partnering with you on this exciting campaign.

When the organization's ability to expand its person-to-person contacts seems exhausted, conduct a broad-based public phase. You may want to consider offering some form of commemoration to people who donate at this time; for example, many organizations offer the opportunity to be recognized on a brick that is part of a walkway on the property, or a personalized tile in the foyer. (This very late public phase is the *only* time that the campaign *might* include mail, email, or phone solicitations. Never abandon the face-to-face contacts.) Feature articles in your newsletter and opportunities to support the campaign. Have a campaign page on your website where a donor can learn more and make a gift. Keep track of all assignments. Urge volunteers and staff members to complete the follow-up visits generated by earlier contacts.

Be sure to hold a celebration when the goal has been reached. This may be as elaborate or as modest as you wish, but do take care to acknowledge all volunteers and supporters as generously as possible, recognizing their key role in the achievement of the goal.

## Follow-Up

Capital campaigns are built around multiyear pledges, so follow-up activities are needed to continue fostering positive relationships with donors and to help ensure pledge fulfillment. Occasionally, people who make a pledge renege on their commitment. Capital campaign professionals estimate that on average not more than 2 or 3 percent of the capital campaign pledge total is lost due to donors' failure to make the pledged contributions.

Some attrition is unavoidable. Circumstances change. Supporters move or lose interest. People lose their jobs. Donors' health declines or they die.

Still, business sense and good manners dictate that the organization stay in touch with pledgers and continue to make them feel important and appreciated. To begin with, all supporters should be invited to acknowledgment events celebrating the capital campaign victory. If there is a building opening or dedication of new facilities, capital campaign donors should be invited to the celebration and honored at that event.

The development office should keep track of all pledge payment schedules. Some donors prefer to contribute annually. Others prefer to make their pledge payments monthly or quarterly. In church campaigns, some members of the congregation may contribute weekly. The important consideration from a campaign management point of view is that delinquent pledge payments must not be overlooked, nor should the organization put off following up on missed payments. It should not take months to respond to missed payments from a weekly pledger. The missed quarterly payment should be addressed early in the next quarter. If representatives of the organization wait too long to send a gracious

reminder letter or make a follow-up phone call or visit, the pledger might get farther behind and find it difficult to adjust the pledge payment plan.

In every case, development professionals want to be concerned for donors' well-being. When professionals look at everything from donors' points of view, they enhance the organization's reputation. Such an attitude is consistent with the organization's long-term best interests. There will be other campaigns. And besides, it feels good to respond to each situation with compassion and understanding.

During the pledge payment period, organizations can increase their pledge totals. The formal campaign should not continue *ad infinitum*. Campaigns must have a beginning, middle, and conclusion. But small ways can be found to invite additional participation from new prospects or from previous donors. Almost every capital campaign project has some unforeseen or unanticipated expenses.

An old adage holds that no donor's arm and wrist ever got so sore writing the first contribution check that he or she could not write a second check. Organizations can approach their very best and closest donors for additional contributions to the capital campaign. Done selectively and with poise, such requests frequently are successful.

Another strategy that works well for many organizations is to review a list of all donors who made a single gift or a single-year commitment to the capital campaign and consider which donors may be approached for additional capital campaign contributions. Often these people are reluctant to make multiyear pledges. However, many respond positively to a gracious solicitation in the second and third years of the pledge payment period. Of course, the organization already has declared victory. So the appeal should stress the importance of capital campaign contributions for unanticipated expenses or for refinements to the plan.

During capital campaigns, new donors become involved with the organization. Some of these supporters are not in the organization's regular loop or sphere of influence. At times they are neglected after they make their campaign gifts. Development professionals must work to overcome this tendency. All donors to the capital campaign should be invited to the organization's relationship-nurturing activities. At the very minimum, capital campaign donors should receive timely news about the project, the building progress, programs, and the people whom the campaign has helped. Personal contact will help cement the relationship. The goal is to make these donors feel good about their contributions and to convert many of these new friends into long-term supporters of the institution.

## **BUILDING ENDOWMENTS**

There are four main ways to increase an organization's endowment funds: (1) Establish an endowment and promote planned gifts for the fund; (2) solicit

current gifts on an ongoing basis for the endowment fund; (3) include endowment fundraising as part of the capital campaign; and (4) conduct a campaign strictly for an endowment following the same principles and organization as used in a capital campaign. Naturally, any combination of the four techniques is possible.

The board also may designate any part of the organization's surplus to serve as a quasi-endowment fund. However, such board-designated funds are not true endowments. What the board can do, the board can undo. And generally accepted accounting principles require that all unrestricted funds received be reported as unrestricted net assets, even if the board designated them for a specific purpose.

The first strategy—promoting planned gifts for the endowment fund—can be as simple as consistently reminding supporters to remember the organization in their wills and estate plans. Well-respected organizations that take this one modest step can achieve exceptionally positive results over time. Organizations that go further and implement many of the planned-giving suggestions in Chapter 13 can achieve even more extraordinary results.

The second strategy—soliciting current gifts for the endowment fund—can be implemented easily. Just ask. Face-to-face meetings are best. But the organization also might consider a once-a-year special mailing requesting contributions for the endowment fund.

During face-to-face get-togethers, donors might be thanked for their generous support; then the subject of an endowment might be broached. Many donors are surprised to realize that a contribution equaling 20 times the amount of their annual contribution can perpetuate their annual support. A donor who contributes \$1,000 annually can donate \$20,000 to the endowment fund. Assuming a modest 5 percent yield, the endowment would produce \$1,000 annually—an amount equal to the donor's annual support. If the yield is, as expected, somewhat greater, the endowment will grow and help respond to inflation. Some donors find the thought of current giving to the endowment simpler to deal with than making provisions in their wills or estate plans. Of course, donors should always be offered choices, and the many ways people can support the organization should be discussed; some people want to know that their gifts are having an immediate impact and thus do not want to contribute to an endowment.

The third strategy—the combined capital and endowment drive—is very popular. Donors to large building projects want to know that the nonprofit institution can maintain the facilities. As important, capital and endowment campaign contributors view their support as an investment. They want to know that the programs contemplated by the institution and funded with their support can be sustained. Endowment funds provide the long-term stability the institution needs to maintain the facilities and to support its visionary programs. In some

institutions, endowment funds also serve other important purposes. Some endowments provide scholarships. Some subsidize services for low-income people. And many endowment funds augment the organization's general operating funds. All of these needs are easy to wrap into a comprehensive capital and endowment campaign.

The fourth strategy—the pure endowment campaign—is somewhat less common. At times, foundations established to support a specific nonprofit institution conduct endowment campaigns. By augmenting their endowment funds, these support foundations can help their mother institutions thrive and flourish. University and hospital foundations, foundations in support of a specific religious denomination or public facility such as a zoo or garden, and other support foundations often conduct ongoing, comprehensive fundraising activities. However, sometimes the need for endowment funds dominates the organization's thinking. At such times, the organization's closest supporters may respond favorably to an intensive endowment campaign.

The one way in which endowment campaigns differ somewhat from capital campaigns is in the mix of current and deferred giving. In a pure capital campaign, the funds are needed within the three-to-five-year pledge period to pay for construction, renovations, facilities, equipment, and furnishings. So the emphasis is on current multiyear pledges. In a capital and endowment campaign, the organization first must secure the funds needed for the capital aspects of the campaign. The endowment funds can be acquired in a mix of current and deferred giving.

In a pure endowment campaign, the organization must be prepared to show some immediate tangible benefits to the drive. At the same time, the emphasis can be on the long-term financial security of the institution. So endowment drives often create two goals: current and deferred contributions to the endowment fund. For example, the Foundation for the Support of the XYZ Nonprofit Institution may establish a \$20 million endowment goal: \$5 million to be contributed during a three-year pledge period and \$15 million to be secured in new planned gifts.

Several years back, in another twist on the endowment drive, many arts organizations became involved in various versions of “arts stabilization funds.” The idea was to eliminate deficits, establish a cash reserve, and establish or build endowment funds. Arts organizations must produce balanced annual budgets or, more preferably, annual budgets that include a modest surplus. If organizations wished to establish an endowment that produced 10 percent of the annual budget, the endowment would need to be two times the size of the annual budget. For example, an institution with a \$4 million annual budget would require an endowment of \$8 million. Again, assuming a modest 5 percent rate of return, the endowment would produce \$400,000 annually, or 10 percent of the

operating budget. If the rate of return is greater, the difference can remain in the endowment fund to help the organization cope with inflation.

In other cases, the arts stabilization fund purchases and maintains property for use by local arts organizations to combat high real estate costs that would force some arts organizations to relocate. This allows cities to maintain a vibrant arts community that includes smaller venues that would be forced out due to rising real estate values.

The stabilization fund is generally made up mostly of endowment funds. Thus the campaign to establish the stabilization fund is organized using the same intensive techniques used for capital or endowment campaigns.

## **INSTITUTIONAL DIFFERENCES**

All capital and endowment campaigns have some things in common: the importance of visionary plans, the multiyear pledge period, the sequential nature of the campaign, and the importance of the leadership gifts. However, nonprofit institutions—hospitals, universities, colleges, community colleges, private schools, arts institutions, houses of worship, social service agencies, youth groups, preservation and conservation organizations, and professional associations—all have unique qualities that they bring to capital and endowment campaigns.

Indeed, no two campaigns are alike. However, it is helpful to be familiar with some of the expected characteristics of each type of campaign. Some are obvious. For example, symphony subscribers may be very fine prospects for the orchestra's capital and endowment campaign. On the other hand, the service recipients of a social welfare agency's programs for low-income families are generally not in a position to make significant contributions to a capital campaign.

The following are some basic characteristics of various types of campaigns.

### **Churches, Synagogues, and Houses of Worship**

Capital campaigns for churches and other houses of worship are generally shorter than other campaigns. A significant amount of time may be devoted to project planning. Members of the congregation need ample time to buy into the planning process, but the actual campaign can be accomplished in a three-to-six-month period.

In church and synagogue campaigns, the distribution of gifts tends to be flatter than in other capital campaigns—but not necessarily. If the congregation has several very affluent members, they can be encouraged to make large leadership gifts during the advancement phase. In such a case, 50 percent of the contributions may come from 7 to 10 percent of the participating households.

More commonly, as previously mentioned, approximately 15 percent of the households can be expected to contribute 50 percent of the campaign total.

Note that in church campaigns, 10 or 15 *percent* of the donors contribute 50 percent of the contributions. Thus, in a church with 500 households, 50 to 75 donations will account for half of the total donations. In secular campaigns, the *top 10 donors* contribute one-third to one-half of the campaign.

Churches and synagogues are essentially closed constituencies. Contributions come from congregation members, their relatives, friends of the pastor or rabbi, former congregants, and a very few other people with some connection to the congregation. There is no possible broad base of support other than the congregation. The campaign leaders are already members or leaders of the congregation. Those who have been generous in the past may very well be expected to be generous in the future.

Campaigns are structured so that each member of the congregation is offered an opportunity to give thoughtful consideration to his or her commitment. Because of the relationship congregants have with the institution and the fact that they see results of their giving regularly, the pledge fulfillment rate tends to be near or at 100 percent.

## Hospitals

With a rapidly changing healthcare environment, hospitals and other healthcare institutions must build flexibility into their plans. The case for support must be relevant to the community, patients, the board, and all stakeholders, especially the staff. Above all, the plan must make economic sense.

In hospital campaigns, approximately 15 percent of the donations come from the board of directors. Another 15 percent may be obtained from the staff. Of course, this percentage is higher than in campaigns for other types of nonprofit institutions where the staff is not composed largely of radiologists, neurologists, cardiologists, pathologists, surgeons, and other physicians—that is, people who earn on average substantially more than the general population.

## Universities

The trustee campaign is especially important in universities. Approximately 20 percent of the goal can be expected to be achieved from the trustees. Alumni might be expected to contribute at least another 20 percent of the campaign. In younger institutions, this may not be possible; however, in older established universities with numerous affluent alumni, the percentage donated might be much higher.

Foundation funding can be expected to play a larger role in university campaigns. After all, university campaigns often encompass a broader array of projects and grant opportunities than any other type of institution might be in a position to offer.

Universities have a greater likelihood of recruiting large numbers of capital campaign volunteers than any other type of institution.

### **Community and Online Colleges**

Community colleges and online colleges have not traditionally invested in alumni relations. Many graduates of these schools have little or no personal connection to the school, and in the case of community colleges, students often go on to earn a four-year degree at a state or private university. Invariably, the former community college student forms a stronger relationship with the university.

But this situation may be avoidable. Too few community and online colleges have made a concerted and consistent effort to create a sense of pride in their graduates and former students. Even the terms *alumnus* and *graduate* may miss the mark. Online university students who are already working may be seeking an advanced degree. Many students attend community colleges to acquire an education they can use immediately. Some get associate degrees. Some take courses in subjects that interest them or courses required toward the four-year degree being sought at another university. Some take practical courses such as accounting or culinary arts, or courses designed to help them earn a certificate or license in a particular field. Some seek an affordable liberal arts education. Others receive technical or vocational training that leads to immediate employment. Suffice it to say that community colleges must begin to strengthen their relationships with former students.

Community colleges differ greatly from each other. Some are in rural settings; others are in large cities. Some are funded by the state; others are not. Some have established private support foundations; others have not. Some have a focus on liberal arts. Some have a focus on technical and vocational training. Some seek a balance. Some offer classes at a single campus while others have many satellite locations or online programs. For these and many other reasons, each community college campaign is unique. Most often the campaigns succeed when corporate or financial institutions in the region form partnerships with the college. Corporations need well-trained employees. Community colleges have the capability to custom-tailor training programs to the needs of the corporate partner.

People in the region who are responsible for economic development often view the community college or online institution as the key to economic growth. Again, each institution must find its natural constituencies and mold the case for

support to respond to the aspirations of those who might be expected to support the campaign.

### **Private Schools**

If the school is old enough, alumni might play a significant role in the campaign. Otherwise, the board of directors, founders, and current parents and grandparents form the heart of the campaign. Occasionally, support can be garnered from local corporations and financial institutions. Some view strong private schools as important to their ability to attract and retain top management. Other decision makers view private schools as important to our nation's mix of educational opportunities.

### **Arts Institutions**

Great cities have strong arts and cultural institutions. Season subscribers, museum members, and arts constituents form the heart of each organization's support. Arts organizations frequently can also attract movers and shakers to serve on their boards of directors.

In any capital or endowment campaign, at least 15 percent of the funds can be expected to come from the board. A more challenging yet achievable goal might be 20 percent of the campaign. The board of directors probably is composed of people who can solicit the vast majority of the funds needed for a successful campaign. They can approach affluent individuals and corporations that might be expected to support the endeavor.

A charismatic conductor and music director can play a role. A suave museum director can work miracles. Development staff might form strong relationships with community leaders. But, when all is said and done, for the campaign to succeed, the movers and shakers have to move and shake.

### **Social Service and Youth Groups**

As with most campaigns, the board of directors might be expected to contribute 15 percent of the goal. The staff should be encouraged to participate, but because the salaries paid to employees of such agencies are generally fairly modest, the amount of each gift may be smaller. Similarly, the constituents cannot be expected to play a significant role. Therefore, the funds must come from affluent individuals living in the community, church groups, corporations with local headquarters and/or with significant operations in the area, financial institutions, foundations, and others.

If the organization has a long history of service in the area and a well-developed list of supporters, those who have been generous in the past may be expected to play a leadership role in the capital campaign.

As with all capital campaigns, the case for support should avoid “institutional needs” and focus on the people being served. When framing the case for support, also be aware of “compassion fatigue.” Some donors are burned out when they hear of chronic social problems. Homelessness, poverty, hunger, the challenges faced by immigrants, and so many other social ills don’t always resonate with donors. These supporters and former supporters view the problems as intractable.

The job of development planners is to demonstrate that the organizations they serve are addressing the root causes of these problems, not just the symptoms. Tell stories of individuals who have benefited through the work of the organization; people are better able to identify with one person rather than with a mass of people. The metaphor of teaching a person to fish rather than giving the person a fish is often well received by donors. Invest in the time needed to refine the institution’s plans. Also invest in the time needed to develop a well-crafted case for support.

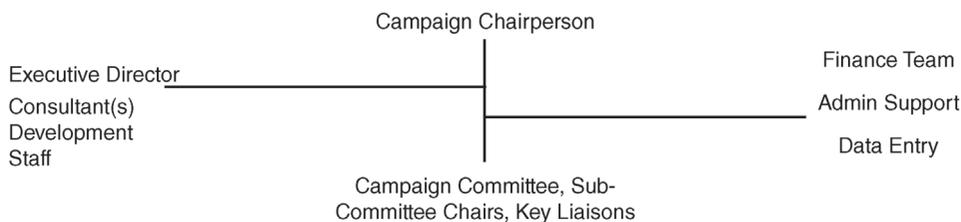
## **CAMPAIGN ORGANIZATION AND STRUCTURE**

Very large capital campaigns with numerous advance and major-gift prospects require many volunteers and resource development professionals to ensure that as many of the potential supporters are visited as possible. One rule of thumb holds that the nonprofit organization needs one volunteer for every five prospects. Some volunteers can handle more, but five appears to be the ideal number. Volunteers who take more prospect assignments may develop a psychological block to doing any at all. The task just appears to be too onerous.

To pursue this analysis, another rule of thumb holds that three to four prospects are needed for every gift the organization will secure. So, if a campaign’s standard of investments gift pyramid indicates that 120 gifts are required to reach the goal, the organization must approach 360 prospective donors. Then, dividing 360 by 5, it is clear that at least 72 volunteers are needed to complete the assignments. In a larger campaign requiring 1,000 capital campaign contributions, for example, the organization would need to identify at least 3,000 major-gift prospects; in theory, it also would need to recruit and organize 600 volunteers. (Remember, we are talking here about conventional wisdom, not necessarily reality.)

To accomplish this Herculean task, the classic organization calls for a campaign chair, a campaign committee, an advance gift committee, a major-gift committee, subcommittee chairs, team captains, and numerous volunteer solicitors. (See Exhibit 14.11.)

**EXHIBIT 14.11 CAMPAIGN ORGANIZATION CHART**



<b>Subcommittee: Advance</b>	<b>Subcommittee: Major Corporations</b>	<b>Subcommittee: Pacesetters/ Leadership Gifts</b>	<b>Subcommittee: Major Individuals</b>	<b>Subcommittee: Businesses</b>	<b>Subcommittee: Other Special Constituents</b>
Team Captains (Names)					
Volunteers (Names)					
Names of Prospective Donors and Volunteer Assignments					

**NOTE:**

1. Each subcommittee chair recruits 4 to 5 team captains.
2. Each team captain is assigned and/or recruits 7 to 10 volunteers.
3. Each volunteer selects 4 to 5 prospective donors that he/she would be comfortable approaching.

Campaigns may be organized by regions, around major departments of the institution, or by donor type—affluent individuals, major corporate prospects, banking and financial institutions, and foundations, for example. Alternatively, aspects of the campaign can be organized around the prospect’s relationship to the institution—trustees, administration, staff, faculty, alumni, and vendors. In every case, the campaign structure reflects the sequential nature of the solicitations. The organization’s closest prospects with the greatest resources are solicited first. An effective campaign is structured so that each subsequent gift level is solicited at the appropriate time by people with peer relationships to the prospects at each gift level.

The recruitment of key volunteers is a sensitive issue. The same care that goes into the solicitation of a major gift is required to recruit a key volunteer. It is best to have a volunteer with a peer relationship make the approach. Often relationship-nurturing activities precede the recruitment. And because volunteers are expected to donate before they solicit others, volunteer responsibilities must be

explained during the recruitment phase—including the expectation of a generous campaign contribution.

Many organizations become discouraged after considering all this information about the projected number of volunteers needed. Either they get overly caught up in organizational and recruitment issues, or they conclude that they cannot possibly have a successful campaign. After all, the number of volunteers recommended may very well represent a number greater than the total number of supporters for an organization—let alone the number of major-gift solicitors and donors that can be recruited.

So much for textbook organization. Although it is true that as many volunteers as possible should be recruited, things must be kept in perspective. The simple truth is that most of the capital and endowment funds will come from the leadership gifts. If the top 10 gifts account for one-half or even more of the campaign total, as expected, then it makes abundant sense to concentrate efforts on recruiting and organizing the top leadership of the campaign.

A number of factors lessen the need to recruit numerous volunteers at the intermediate and public phases. Some of the gifts acquired will be from foundations, and the development staff member(s) with existing relationships can take responsibility for writing the grant applications and cultivating the gifts. In many cases, the executive director or chief executive officer of a prestigious institution has the peer relationships needed to call on many of the prospects. During the public phase of the campaign, it is possible to solicit 10, 15, 20, or more prospective supporters at group gatherings. For this to work, development professionals must invite prospects rated at the same capacity levels to the gathering. In this way, when a representative of the organization says, “I hope many of you here tonight will be in a position to consider a pledge of \$1,000, \$2,500, \$5,000, or even more per year for three years to help XYZ Nonprofit Organization achieve its visionary aims . . . ,” the audience will not include donors who may be expected to donate (and who are capable of giving) \$50,000 a year or more.

This is not to say that an organization should not make every effort to recruit and organize the maximum number of volunteers possible. The point is that, in many campaigns, a few key volunteers and staff raise the vast majority of the dollars pledged. So be sure to recruit the seven to ten key people who will make introductions and help solicit the organization’s very best prospects. Realize that in some special situations, a very limited number of donors contribute nearly all the funds raised. If a prospective donor cares for the institution and has the capacity to contribute half of the capital campaign goal, by all means explain to him or her why such a commitment is needed and request such a contribution. If the organization cannot mount a classic campaign with numerous volunteers and hundreds or thousands of prospects but can identify 50 to 100 leadership prospects

capable of making six- and seven-figure contributions, organize the campaign around thoughtful approaches to these few major prospects.

In fact, all campaigns should be prospect driven. The campaign structure and timeline are driven by specific prospects and the organization's relationship to them. If the best hopes are pinned to people who have not yet formed close relationships with an organization, sufficient time must be allowed for intensive cultivation activities prior to implementing the feasibility study and quiet phase of the campaign. If, however, the organization has nurtured strong relationships with 10 to 30 very generous supporters, a campaign can be built around the extraordinary leadership gifts donated by this core group.

Saying that a campaign is prospect driven reminds development professionals that a series of questions lies at the heart of every resource development effort:

1. Who are the best prospects?
2. How much might be requested from each of these prospects?
3. What steps can be taken to get them even more excited about the campaign?
4. Who on the team has the best chemistry with each prospect?
5. What are the interests of each prospect and what gift opportunity might resonate?
6. Is now the best time to approach them?
7. Who is going to offer each identified prospect an opportunity to make a significant investment in the campaign?

When a campaign is organized in such a way that these basic questions are asked, it is well on its way to success. When all these questions have been answered and the flow of appointments, requests, and follow-up action steps have been monitored, the organization is poised for victory.

## Human Resources

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*When you cease to make a contribution, you begin to die.*

—ELEANOR ROOSEVELT, LETTER TO MR. HORNE  
(FEBRUARY 19, 1960)

Wise nonprofit organizations recognize that their most important assets are their people—the board, staff, and volunteers whose expertise and hard work make the organization succeed. Strong managers have strong staffs. Effective boards nominate and recruit strong leaders to serve. People committed to their mission surround themselves with competent people who share their vision.

In short, organizations are made up of people. The quality of the people and how well they work together determine the effectiveness of the institution. This chapter discusses the board of directors, staff, volunteers, and consultants—with a particular focus on their roles in resource development.

### THE BOARD OF DIRECTORS

The board of directors is the nonprofit organization's governing body. When an organization is first formed or when it is in its grassroots phase, board members frequently perform management and administrative (staff) functions. This is true particularly during the formative years when the organization has little or no staff.

As the organization evolves, there is a transition period when board members cease to carry out the day-to-day operations and turn these duties over to paid staff. Often this is a stressful period for many institutions. People resist change. And, at times, dedicated founding board members find it difficult to give up control. At such times, lines of responsibility are less clear than they ought to be. Staff members complain that board members are “operating.” And some board members find the new staff members unresponsive to the demands placed on them by the governing board.

Once the organization has weathered these early storms, it settles into a more mature state in which board and staff roles are very well understood. The board of directors generally is recognized to have seven main roles:

1. It is responsible for keeping the organization focused on its mission and strategic direction.
2. It is responsible for the organization's fiscal health; the board approves and monitors the organization's budget.
3. It hires and evaluates the organization's executive director or CEO.
4. It serves as an advocate for the organization and promotes positive public relations.
5. It makes and monitors organization policies.
6. It participates in the resource development process by contributing and by using individual members' influence to help garner financial resources for the organization.
7. It assures the future of the organization by attracting and retaining volunteers for leadership positions.

The staff implements policy and carries out the organization's day-to-day operations. It also supports the board of directors, its committees, and members in the conduct of their duties.

Board sizes are often established in the organization's bylaws, frequently with a range stated. The ideal size can vary greatly. A board of 7 to 12 people may be adequate for a small nonprofit organization with adequate resources and a highly focused mission. Many administrators and consultants find that 17- to 24-person boards are manageable, diverse, and of an ideal size to perform the needed functions. Some resource development professionals prefer to have somewhat larger boards—with up to 30 to 35 members—in order to encourage more leadership giving and to ensure an adequate number of dedicated people to serve as volunteer solicitors at the leadership level. Of course, organizations with larger boards also must have a somewhat larger staff to support the board committees and members in their work.

### **Ideal Characteristics**

From a fundraising perspective, it is essential to have a board composed of people of affluence and influence. Some board members serve because of their particular knowledge of or experience with an organization's mission. Others serve because they represent a constituency or significant population of importance to the institution. But the majority serve because they represent the community at large and because they have the ability to ensure the organization's future.

There are two old adages used to dominate the board recruitment process. The first is the adage about the three *Ws*: wealth, work, and wisdom. If ever a board candidate is found with two of the three *Ws*, the organization has identified a viable candidate. Over time, leaders of nonprofit organizations have realized that one of the attributes had better be wisdom. It doesn't matter how hard a person might work or how much money he or she might have if a board member attains a leadership position and does not have wisdom. Poor board decisions can prove disastrous for the nonprofit organization.

The second adage embraces the three *Gs*: give, get, or get off. These words form a crude view of the board's role: give personally, get others to give, or resign. Still, most resource development professionals stress the importance of board giving and the board's role in resource development.

We want board members to be generous. We want board members to help secure contributions. And, if board members are uncomfortable being personally involved in the solicitation process, we hope that they will make introductions to those who can generously support our nonprofit institutions.

In addition to affluence and influence, an organization will want to recruit people with a mix of attributes. These include skills and specialized knowledge, influence, program knowledge and experience, desirable personal qualities, and a willingness to get involved and work as part of a team.

- *Skills and specialized knowledge.* Every nonprofit organization can benefit by having an attorney serve on the board of directors. An attorney with expertise in estate planning can serve as a key advisor in the organization's planned-giving program. Attorneys with other areas of expertise can prove helpful at key stages in the organization's development.

Similarly, every nonprofit organization can benefit from having someone with a strong financial background serve on the board of directors. Certified public accountants (CPAs) frequently serve as treasurers of the organization or chairs of finance committees. The most effective CPAs to recruit have an entrepreneurial talent. They are as gifted at helping form financial projections as they are at reporting past results.

Nonprofit organizations also find it helpful to recruit people with marketing and public relations expertise. These invaluable board members can help secure media sponsors for the organization's events. They help get free publicity. And at times they help the organization develop long-term strategic marketing and public relations plans.

A person with past fundraising experience can also be helpful, especially if he or she can provide peer-to-peer training or encouragement to help other board members achieve their fundraising expectations.

Experience with banking and finance rounds off the list of skills and specialized knowledge. As with all business entities, nonprofit organizations need to maintain strong relationships with their community's financial institutions. All organizations should form a strong relationship with at least one bank. They should foster relationships with the many financial institutions that might be expected to donate to the cause. Every nonprofit organization can benefit by having a banker or representative of a financial institution serve as a board member.

- *Influence.* Boards of directors are strengthened when prominent community leaders serve. They have contacts in the business community. They know and associate with decision makers. Because of their prestige and renown, it becomes easier to recruit additional people of affluence and influence to serve on the board of directors.
- *Program knowledge and experience.* Early in the organization's history, service volunteers often are recruited to serve on the board. Some of these dedicated people serve on and off the board for years. Some boards also recruit prestigious experts in the organization's field. A symphony orchestra might ask the dean of the local university's school of music to serve on the board. A social service agency may ask the university's dean of the school of social work to serve. A museum might invite a published expert on the arts to be a board member. A local health clinic may recruit a retired doctor or nurse. Such people can add perspective to the board's deliberations. Almost every board can benefit by having one or two such people as members.
- *Desirable personal qualities.* When recruiting board members, nonprofit organizations look for people with high moral standards. Their integrity and reputations are such that they can influence the behavior of others. They are believable. They are principle centered. Obviously, such people avoid even the appearance of a conflict of interest. But more than that, they inspire confidence and enhance the reputations of the organizations they serve.
- *Willingness to get involved and work as part of a team.* Ideal board members are team players. They may offer a broad range of advice but, once a decision is made, they support the decision with enthusiasm.

Ideal board members have good attendance records. They go to meetings and they stay involved. If their schedules keep them away for a period of time, they let the other team members know of the conflict. They also find ways to stay involved or to see that their responsibilities are covered during the interim period.

## The Nominating Process

The nominating process begins with selection of a nominating committee. Frequently a retired past board president is asked to serve as chair of the nominating committee. After all, he or she usually has a good sense of history and also knows who has performed well in the past.

However, it is also true that many past board presidents are exhausted. Some have had to deal with many stressful issues during their tenures. Some are burned out. Some simply want a break. So an organization should not make a hard-and-fast policy that the immediate past board president chair the nominating committee. Rather, remain flexible. Perhaps the organization will name the past board president to this post many times—but will also consider other people when that person seems less than enthusiastic about the assignment.

The ideal members of a nominating committee are people who think strategically. It is also of utmost importance that generous people be asked to serve. Parsimonious people seem to nominate others with a similar outlook. On the other hand, generous people tend to identify other cheerful givers.

The next consideration is the order in which the nominating committee's work should be accomplished. Too frequently, nominating committees get together immediately prior to the annual board meeting and begin bringing up names for consideration. Even committees that do schedule several meetings fall into a similar trap. They begin discussing names prior to examining board membership from a strategic point of view. Exhibit 15.1 is a sample agenda for a nominating committee meeting. Notice that the ideal makeup of the board is

### EXHIBIT 15.1 SAMPLE AGENDA FOR NOMINATING COMMITTEE

[Name of Organization]  
Board Nominations Committee Meeting  
[Date] [Time]

#### AGENDA

1. Desired attributes and board nominations grid
    - a. Board size
    - b. Desired numbers of members with each attribute
    - c. Current makeup of board
    - d. Discussion of makeup of "ideal" board
  2. Responsibilities and profile of ideal board members
  3. Recommendations of people matching profile
    - a. Discussion
  4. Recruitment process and assignments
  5. Other business
    - a. Orientation and Involvement
  6. Next steps
-

discussed early in the meeting. After that conversation takes place, it is possible to move into an analysis of the current board makeup. A nominating grid such as the one in Exhibit 15.2 is a helpful tool. But please note that in the sample agenda the minimum numbers needed for each attribute were decided first. Also note that in Exhibit 15.2, one of the attributes is personal affluence. Most nonprofit administrators have seen board nominating grids before. However, often such grids do not list the affluence category. Most people were brought up to believe that polite people don't have discussions about other people's money. However, to attract significant annual contributions from board members, you must recruit people to serve on the board who can afford donations at the minimum levels as set by board policy.

The first step is to decide on the minimum numbers required for each of the board categories. Then, the organization can produce a board grid that highlights the actual numbers serving vis-à-vis the minimum requirements. Exhibit 15.3 depicts an organization that is looking to better diversify its board in terms of gender, age, and ethnicity. Based on the nomination grid, they will realize that they have identified too few females and African-Americans to be as diversified as they desire. They will also want to identify more people with personal affluence.

Again, the important thing is that the strategic decisions were made before the names of potential board members were suggested. This approach keeps the nominating committee focused on the organization's future and helps stimulate thinking about people whose names otherwise might not have surfaced.

Once the discussion about the ideal board mix has taken place and the critical needs have been identified, the nominating committee can turn its attention to specific names for consideration. It is most helpful if the development staff assists with this process. To begin with, the development staff can prepare a list of potential board members, focusing on active volunteers and generous donors. The staff also can help identify community leaders who have a relationship with the organization and steer the nominating committee away from donors who could possibly lose interest in donating if they are exposed to too many operational details that will cause them to lose focus on the "sizzle" that they love to support. Unfortunately, some nonprofit organizations have lost major donors simply because they "promoted" people into board positions that negatively impacted their passion for the work.

Each board member and leadership staff member might be encouraged to suggest names of potential board members. It is important to remind these people that the nominating committee is especially interested in people of affluence and influence or those who have the other specific attributes needed for a well-balanced board of directors.

Other sources of names might include board members of local corporations or financial institutions. Chief executive officers of successful local or regional





businesses may also be excellent candidates for board membership. Of course, if an organization is national in scope, people in leadership positions nationwide should be sought.

## Recruitment

The recruitment of board members and other key volunteers requires the same care as a major-gift solicitation. Ideally, the recruitment should take place at a face-to-face meeting. The person responsible for the recruitment should have a peer relationship to the potential board member and be confident and positive about the expectations of board members. At the time of recruitment, the potential board member should gain a clear understanding of the time commitment and responsibilities of board membership.

When explaining the fundraising responsibilities, it is best to let the potential board member know that board members help in a broad range of ways. Some host cultivation events. Many provide information about potential supporters. Many make introductions for fundraising purposes. Some help arrange fundraising events. Some participate directly in the solicitation process.

Let the potential board member know that participation in the resource development process is expected and that the organization is dedicated to finding and helping expand each board member's comfort zone. If there is an expectation that each board member will make a specific number of solicitations each year, make that clear so the candidate can consider if that is something that would keep him or her from serving.

Another sensitive issue that must be discussed with every potential board member is the board giving policy. Many boards adopt policies that establish a minimum donation level for board members. That suggested minimum giving standard tends to evolve into an expected amount, so if you have a required contribution, it should be significant enough for the board member to be considered a major contributor.

A better approach may be to say that the goal is 100 percent participation from the board. When explaining the expectation to potential board members, say something like this: "Our primary objective is to have 100 percent participation from our board members. We also hope that each member will make a gift that is generous in relationship to the member's means. A few of our board members give approximately \$500 a year. Several give \$5,000 and \$10,000 annually. One board member makes a \$50,000 a year contribution. Most contribute something in between. Again, each decides what is generous for his or her means."

A third option is to establish a requirement that each board member include the organization among his or her top charities for support. This way the board member can choose the amount, but understands that he or she is expected to be

generous. However, this approach only works well if you are only recruiting people of means who are philanthropic in their nature. A person who only gives small amounts to charity each year may consider a token gift to your organization to have fulfilled his or her obligation.

If an organization finds it difficult to recruit chief executive officers and community leaders of the first rank to serve as board members, one of two recruitment strategies may be attempted.

The first is to “ratchet up” from the current level of board membership. If the board currently attracts bank tellers, perhaps it can successfully recruit branch managers. If the equivalent of branch managers are on the board, the next recruitment might be a senior vice president. At times, spouses of community leaders may be recruited. The ratchet-up strategy stresses the importance of leveraging the current level of clout and taking a stepwise approach to advancing the organization’s influence in the community.

The second strategy can be considered the “adopt us” approach. Many boards find that they do not have any obvious links with their community’s top leaders. Perhaps the nominating committee feels strongly that the organization needs people of that caliber to accomplish its visionary aims. In such a situation, a direct approach might be tried. Identify one or two of the organization’s most committed and articulate spokespeople to call the community leader who might respond best to the cause. Be bold. Ask for an appointment. Go and explain the case for support. Tell the community leader how important the nonprofit organization’s work is. Let the person know that the nonprofit needs people of his or her caliber to help the organization evolve and achieve its greatest potential. Be frank. Ask the person to consider “adopting” the organization. The aim is to convince the community leader that his or her involvement will make a huge difference, and place him or her in a position of influence over the future direction of the organization. He or she also should recognize that involvement in the board of directors will be a rewarding and enjoyable experience.

## **Motivation and Involvement**

Many board members lose their enthusiasm even before they begin to serve. This happens when an organization has a recruitment process that takes place months before the annual meeting at which new members begin their service. One obvious remedy is to allow new members to come on board at various times throughout the year by filling expiring terms or taking unfilled positions. If the bylaws allow for 24 members and a board has only 21 current members, it seems appropriate to allow a new board member to take a seat at any time during the year unless the bylaws state that all terms must begin on a specified date or at a

particular meeting. It is important to make an effort to shorten the time between recruitment and actual board service.

It is also critical to ensure that every new board member receives a meaningful orientation experience within one or two months of recruitment. At this orientation, provide copies of your bylaws, board policies, recent financial reports, and other key documents. This allows the new member to immediately begin contributing in meetings and on committees. Also, identify committees on which the new board member may wish to serve.

Get new board members involved early. Moreover, be sure to involve them in the board's social life. Plan enjoyable events or gatherings for board members and their spouses to attend.

A recent and positive trend in many nonprofit organizations is to broaden the range of responsibilities of the nominating committee. This committee is sometimes called the Committee for Board Development. In addition to the nominating responsibilities, members also examine how the board conducts its business. The committee is charged with responsibility for building a strong board, developing the board leadership, strengthening board committees, and making recommendations on ways to strengthen board processes and enhance the experience of serving on the board.

Such committees are extremely helpful. However, no one has to wait for their reports to institute some commonsense ideas now. Consider the following:

- Board meetings should be lively and meaningful.
- The meetings should start and end on time.
- Committees should be assigned a great deal of the work. However, the whole board should discuss significant issues prior to sending the issues to the committees.
- Even after a committee reports, board members have a right to ask questions and suggest improvements to the committee's recommendations.
- Backbiting, second-guessing, and parking-lot discussions do nothing to advance the organization. Candid discussions at board meetings do.
- All discussions should be conducted in a respectful and appropriate manner. Board members can be encouraged to find agreeable ways in which to disagree.
- Discussions and debates must end eventually, but need to allow every member who wishes to address the issue to have an opportunity to do so. Then, decisions must be made. Once a decision has been made, all board members must be expected to back the plan.
- Have fun. Schedule social occasions, some for the board as a whole, others for individual committees.

## Board and Staff Retreats

Board and staff retreats are invaluable. When done well, they help develop a shared vision for the organization's future. Board and staff retreats also are essential to the strategic planning process, to team building, and to help gain consensus concerning a wide range of organizational development issues.

Retreats can concentrate on mission and vision, strategic planning, resource and/or board development, finance, human resources, facilities planning, marketing and public relations, or any pressing issue unique to the organization. For the purposes of this book, the focus is on strategic planning and resource development.

Prior to any retreat, it may be useful to take the pulse of the board. Interviews help, as do surveys. Most often informal talks with board members will uncover the dominant attitudes and questions that will shape the retreat.

While planning the retreat, be sure to give early attention to the steps needed to stimulate attendance:

- Schedule the retreat at a convenient time. Poll board members and leadership staff to determine a time when most, if not all, can attend.
- Schedule the retreat well enough in advance that people can block out the time on their calendars. An email or postcard with an upbeat “Mark your calendar” message can be sent several months prior to the retreat. Board notices also can contain repeated reminders.
- Develop an “inviting” invitation. A standard meeting notice on 8½-by-11-inch copy paper just won't do. Be clever, be creative, and communicate that the retreat will be time well spent.
- Follow up the invitation with warm, encouraging phone calls or emails from a respected board member.

When planning the retreat, recognize participants' various needs. Some board members serve primarily for social interaction. Some serve because they are very close to the organization's mission and programs. Still others serve because they feel that they have a civic responsibility to help create strong nonprofit institutions.

For those whose primary motivation for serving is social interaction, exercises to help participants relax and get better acquainted are beneficial. Opportunities for mingling—meals, get-togethers, and free time—are appreciated. During the retreat it also helps to keep an eye on the human element. Share poignant stories about the people the organization serves. This latter point is meaningful for all board members.

For those whose primary motivation is their closeness to the organization's mission and programs, reports from program officers, the executive director, and

leaders in the field have a great impact. The parts of the retreat that are devoted to the organization's mission, vision, and programs keep these people involved. Again, people stories, testimonials, and motivational accounts of the services provided lend life to the reports about organizational benchmarks and statistics.

For those whose primary motivation is civic responsibility, governance issues, strategic planning, finance and budget, bylaws, and a host of organizational issues have the greatest meaning. Many CPAs, attorneys, and community leaders serve because they want to help create strong institutions. As they become more involved in an organization, they begin to share the values of those board members most closely identified with the nonprofit's mission and programs.

A well-structured retreat seeks a balance of subjects covered. It also employs a number of presentation and participation techniques. When these board members' needs are accommodated and care is given to physical comfort, a successful retreat is practically unavoidable.

On the physical side of the equation, be sure that the location chosen allows distraction-free meetings. Establish a policy that is publicized in advance about cellphone use and accessing email, social media, or other messaging; schedule regular breaks so people can catch up on pressing issues. The room layout should be attractive, practical, and conducive to interaction. Check out the temperature. Be sure that all the audiovisual equipment works and is operational before the participants arrive. Provide an ample variety of food and beverage.

A sample board retreat agenda is illustrated in Exhibit 15.4. Exhibit 15.5 is a simple group activity to put everyone in a more relaxed frame of mind. Such an exercise can be a bit time consuming, as each member of the board and staff answers each of the questions. Some people tend to speak longer than others. However, the time is usually well spent, because board members find out things about each other that they might not otherwise have known. Moreover, the final question usually elicits some poignant stories of why people have chosen to serve the organization. Naturally, many involvement techniques and some more active icebreaking exercises might be used; however, these seem to get a lot of retreats off the ground with humor and warmth.

Presentation techniques were mentioned in Chapter 4. Since many board retreats include a resource development component, it might be helpful to describe several participation ideas that can help motivate volunteers to participate in the fundraising process.

The first is one of the oldest in the business. The facilitator stands before the group and asks board and staff members to take out their wallets. At this point there are usually giggles and murmurs in the room. In fact, this simple act is so energizing that it helps to do it soon after the lunch hour, when everyone otherwise might be lethargic. Once all the wallets are out, the facilitator asks to find out who has the largest denomination of currency. In some gatherings,

**EXHIBIT 15.4 SAMPLE BOARD RETREAT AGENDA****I. Retreat Goals**

- Develop a unified understanding of the organization's mission and vision for the future.
- Build a sense of teamwork among the organization's leadership.
- Evaluate board and staff roles, responsibilities, and work processes, and identify opportunities for improvement.
- Identify feasible goals that will enhance the organization's effectiveness and strengthen the organization's governance and administrative practices.
- Explore resource development principles and practices and discuss the board's role in fundraising.
- Enjoy the day.

**II. Retreat Agenda**

- |            |   |
|------------|---|
| 9:00 a.m.  | Retreat begins <ul style="list-style-type: none"> <li>• Preliminary introductions</li> <li>• Review goals for the retreat</li> </ul>  |
| 9:15 a.m.  | Group activity  |
| 9:55 a.m.  | Examination of the organization's mission and exploration of shared values (facilitated process) <ul style="list-style-type: none"> <li>• A lot of people know something of the history and roots of this organization. Given today's environment, if this organization didn't exist, why would anybody bother to create it?</li> <li>• What is our organization actually doing? Compare the mission statement and expectations to actual practice.</li> </ul>                  |
| 10:30 a.m. | Break   |
| 10:45 a.m. | The organization's strengths and weaknesses. Each participant writes his or her three best and three worst memories of their experiences with the organization. Capture ideas; discuss and summarize.   |
| 11:15 a.m. | Affirm, tweak, or rewrite mission statement. (Break into work groups. Allow time for each group to complete task. Compare the mission statement each group developed or affirmed. The strategic planning committee will use these as it reviews and possibly recommends a revision of the mission statement.)   |
| Noon       | Lunch   |
| 1:00 p.m.  | Goals and strategies (facilitated process). These exercises will provide general guidance to the strategic long-range planning committee. The committee will use this information for guidance and will develop a comprehensive strategic plan. <ul style="list-style-type: none"> <li>• Brainstorm wishes and dreams; capture on easel pad</li> <li>• Using stickers, allow each board member to identify what he or she considers the top three to five priorities</li> </ul> |
| 2:00 p.m.  | Summarize priorities and draft preliminary vision statement   |
| 2:15 p.m.  | Break   |
| 2:30 p.m.  | Goals and roles (facilitated process). Examine board roles versus staff roles, responsibilities, and work processes. Identify opportunities for improvement. <ul style="list-style-type: none"> <li>• What is the board's role?</li> <li>• What is the staff's role?</li> <li>• What can the board do to make the staff more effective?</li> <li>• What can the staff do to make the board more effective?</li> </ul>   |

**EXHIBIT 15.4 (CONTINUED)**

3:30 p.m.	Resource development <ul style="list-style-type: none"> <li>• Key fundraising principles and practices</li> <li>• The board's role in fundraising</li> <li>• Three bags of money; three questions</li> </ul>
3:50 p.m.	Reaffirmation of decisions and action steps. Each retreat participant privately or publicly commits himself or herself to a course of action and level of support to achieve the aspirations of the organization.
4:00 p.m.	Adjournment

someone might have a \$100 bill. In others, a board member or staffer might have a \$50 bill. In almost any gathering, quite a few people have \$20 bills. The facilitator asks the person with the largest bill to please pass it forward or to directly hand it to the facilitator. If the person seems reluctant, the facilitator might say, "It's okay; you can trust me. I will give it back."

Now the facilitator asks, "Why did Martha give me her \$50 bill?"

It doesn't take long before someone on the board says, "Because you asked." Others might say, "Because she trusted you."

This simple exercise makes the most important point in any resource development training environment: People give because they are asked, and they give to people they trust.

A second exercise has been developed to help participants remember two other important points: Different people can afford to donate different amounts, and fundraisers must decide how much to ask of each prospect prior to the visit.

To make these points, props that look like three stuffed bank money bags are prepared. One is tagged \$25 million. The second is tagged \$600,000. And the third has a large "?" printed on its tag. The facilitator asks for volunteers to come take one of the bags and sit in front of the board. This creates an opportunity for

**EXHIBIT 15.5 OPENING GROUP ACTIVITY**

1. My name is \_\_\_\_\_
2. The legacy I hope to leave in this world is \_\_\_\_\_  
\_\_\_\_\_
3. Something most people don't know about me is \_\_\_\_\_  
\_\_\_\_\_
4. The circumstances that led me to serve on this organization's board were \_\_\_\_\_  
\_\_\_\_\_

levity, as some board member will invariably make a strong effort to hold the \$25 million bag. The facilitator now asks a series of questions and engages the board members in a conversation about prospect ratings. One typical summarized discussion might go as follows: The facilitator explains to the group that each of the people before them has an established relationship to the organization. The bags represent their net worth. The person with the \$25 million bag inherited wealth but has also helped strengthen the family-owned businesses. The person with the \$600,000 bag is a mature professional who has made approximately \$80,000 to \$100,000 a year, and has saved and invested. The \$600,000 represents the organization's estimate of the prospect's assets exclusive of the person's home. The person with the "?" appears to be affluent. Several key volunteers suggested that the "?" prospect may have resources; however, prospect research to date has been unable to establish an estimate of net worth.

The facilitator now says, "We will discuss a capital campaign later. For now, let's assume that we are serving on a board of an organization with a \$750,000 annual campaign. Our volunteers are going to visit these three prospects. When they go to the person who has \$25 million, how much might they request? When they go to a person with \$600,000, how much should they request? And finally, when they go to someone with an unknown amount, how much should they request?"

Conversations flow freely. The facilitator is careful not to judge any suggestions. Rather, participants are encouraged to discuss each suggestion thoroughly. Typically, opinions range widely regarding how much the wealthiest prospect should be asked to donate. Frequently board members settle on a gift range of \$25,000 to \$50,000 as appropriate suggested amounts for annual campaigns. However, some board members point out that the prospect might be approached for larger amounts for special projects. The \$600,000 person might be asked to consider annual contributions in the \$1,000 to \$2,500 range. Of course, conversations and suggestions might vary greatly. Some board members will suggest more research regarding the person with unknown wealth. Others might boldly suggest a request amount. Some might suggest that it doesn't make economic sense to request less than \$1,000 on a person-to-person visit. Still others might suggest that a list of gift opportunities begin at the \$500 or \$1,000 level—but also go much higher. In such an instance, the volunteers might say, "We need gifts at all of these leadership levels on an annual basis. Where do you see yourself participating?"

The facilitator next turns attention to capital campaigns. The lead question might be, "The XYZ Nonprofit Organization is contemplating a \$5 million capital campaign with a three-year pledge period. What might we ask of each of our three prospects sitting before you today?" Often a bold board member suggests that the person with \$25 million be asked for the entire amount. Some

members may point out that if the prospect is very committed to the organization, such a request would not be out of the question. Frequently the board agrees that a \$1 million request might be ideal. The facilitator might point out that a person with a \$25 million net worth generally can afford to donate \$1 million without changing his or her lifestyle. The \$600,000 net-worth person who is close to the organization may consider a pledge of \$10,000 to \$20,000 for a visionary capital campaign. Such a person also might consider a larger planned gift for the organization's endowment fund. Invariably, with capital campaigns at stake, board members ask that more research and cultivation take place prior to soliciting the "?" person.

The important consideration with all these discussions is not so much the specific request amounts. Rather board members need to remember that these choices must be made prior to visiting the best prospects.

A third presentation technique that is very powerful in motivating board members to increase their contributions has come to be called *Weinstein's Three Questions*. The first question is: "What is the largest cumulative amount you donated to a single charity in a single year?" This question is stated on a small slip of paper that reads: "The largest amount I donated to a single charity in a single year is \$ \_\_\_\_." Board members fill in the dollar amount, fold their unsigned slips of paper, and pass the folded slips to the facilitator's assistant, who totals the amounts. While this is taking place, the facilitator asks the second question: "What do you believe is the largest amount you could donate without changing your lifestyle or sense of security?" Usually there is not much discussion, but the facilitator may observe, "I imagine many of you wrote or thought of an amount at least three to five times greater than the largest cumulative amount you donated in a single year." Upon making this observation, a large percentage of the participants will look the facilitator in the eye and nod their heads yes. The facilitator may say, "Well, that doesn't surprise me. Statistics indicate that, on average, Americans give one-fifth of what they can afford to donate without changing their lifestyles."

After these observations, the facilitator asks the concluding third question: "If you could make one donation that would end poverty, cure cancer, or guarantee world peace, how much would you be willing to donate?" (As with the second question, board members think of the answer or write it on a slip of paper, but they do not pass anything forward. The only slips that are passed forward are for the first question.)

A brief period of quiet falls over the room as board members contemplate the third question. After a brief pause, the facilitator might say: "I suppose many if not most of you in this room today would consider giving up all you have if you could end poverty, cure cancer, or guarantee world peace. Of course, there is no one gift that could accomplish any of those aims. But your contribution to XYZ

Nonprofit Organization will help ensure that 60,000 meals will be served this year. You can donate knowing that your gift will help save the lives of homeless people during the bitter winter months . . . .” In each case, the facilitator states the case for support in the most direct and dramatic terms. The aim is to remind each board member how the organization makes a significant difference in the lives of the people it serves.

To conclude this exercise, the facilitator might say, “Many people ask how much board members should donate. There is no one right answer to this question. Each board member should make a decision based on his or her means. However, some guidelines might help. Some say that if you are serving on the board, the institution for which you are serving should be one of your top three nonprofits each year that you contribute to. So, we might conclude that it would be reasonable to consider a contribution equal to that given to your favorite nonprofits in the past—an amount equal to what you donate to your university or to your church or synagogue, for example. If you are very close to some other charity, perhaps the amount you donate to this institution would be at least half of what you donate to your favorite charity. When this organization considers a capital campaign, you might want to consider a standard established by Harvard University. They ask their supporters to recall the largest donation they ever made to a nonprofit organization in a single year. Then they ask their supporters to double this amount and pledge it for three years. Let’s see how these differing standards might work for this nonprofit organization.”

The assistant, who has totaled the board slips turned in after the first question, has divided that amount in half, multiplied it by three, and multiplied it by six. So the assistant already has calculated the four figures including the total. For example, if the board slips totaled \$70,000, the assistant would have four numbers: the \$70,000 total, the \$35,000 half total, the \$210,000 figure representing three times the total, and the \$420,000 figure representing six times the total.

Now, what do these figures mean? The facilitator explains, “If each board member were to donate exactly the same amount they have given to their other favorite charities each year, we would begin each fund drive with \$70,000. If everyone gave just half of what they donate to their universities, churches, or other favored nonprofits, we would begin each year with \$35,000 for our annual drive.” (Note that in almost all cases, these amounts are considerably higher than the organization is receiving from its board members on an annual basis. Too frequently, board members don’t donate or merely make token gifts to the organizations they serve.) The facilitator continues: “When this organization contemplates a capital or endowment drive, we might expect each board member to pledge an amount equal to the most the member has donated to a charity in a single year—but to pledge that amount for three years. If this were the case, we

would begin our capital campaign with \$210,000. If all board members followed the Harvard standard, we would double that amount and we could begin the campaign with \$420,000.”

The facilitator might conclude by bringing the conversation back to the importance of the organization’s work. However, this exercise accomplishes a number of objectives. Board members are encouraged to think about the most they have given. They are encouraged to give similar or greater amounts to this nonprofit organization. They uncover for themselves that there are circumstances under which they would donate vastly greater sums. Board members are also encouraged to consider an amount double their greatest gift. And they are encouraged to consider multiyear pledges of that amount. Please note that the board members themselves supplied the key information. Because they played the critical role in this discovery process, the three questions are a powerful motivator in stimulating dramatically enhanced board giving.

## **THE RESOURCE DEVELOPMENT STAFF**

Effective resource development staff members form close working partnerships with board members and volunteers. The relationship works best when expectations are crystal clear. It may be helpful to write a mission statement and job description for the development office.

For the organization to succeed, it is imperative that the performance of development staff—especially newly hired staff members—be closely monitored. The organization should provide as much training as possible early on, as well as establish measurable goals. The evaluation of the employee’s performance should include “means” and “ends.” *Means* include tasks such as writing and refining the case for support, making enhancements to donor data records, creating and interpreting meaningful fundraising reports, increasing and enhancing the mailings, increasing the number of personal solicitations and grant applications, and enhancing research. The first concern regarding *ends* is net contributed income. Other goals include an increased number of donors, total dollars raised, grants funded, and income from a broader range of fundraising strategies.

Be realistic and seek advice from experts when setting goals, and seek incremental improvement over a broad range of goals. Also recognize that the development staff cannot achieve these goals without board and volunteer support.

One final word about goals: don’t be misled. Many people will say that fundraising is really *friend-raising*. This is true. However, one of the main purposes for nurturing relationships is to help bring prospective donors closer to the organization so that they can be asked to consider making significant contributions to the nonprofit institution.

Some very smooth people take responsible development positions. They attend civic clubs. They work with the public relations department to develop attractive materials. They make speeches. They meet with donors for lunch or on the golf course. They are engaged in all sorts of activities. They are also quick to remind anyone who will listen that it takes a long time to nurture relationships. Besides, they complain, board members frequently don't make their calls.

Upon examining their development offices, few if any tangible signs of meaningful resource development work are visible. There is no case for support. Many database issues have not even been addressed. Few grants have been applied for. The number of mailings is the same as it always has been, and the sponsorship levels for special events have been the same for years. No one really feels comfortable having a meaningful visit with a major donor that results in an ask. In sum, the development officer may have a commanding presence and may stay quite busy, but the amount of money being raised is relatively flat or declining.

The remedy to this is, of course, to clarify expectations. It also helps to hire people with experience and an obvious record of achievement. After all, the organization has every right to expect tangible results in three to six months. Visits should be increasing, grant applications should have increased, and, if appropriate, the mail campaign should be more aggressive. And as a result, contributions should begin to increase.

Naturally, people and their skills should be matched to the job requirements. Yet mismatches are frequent in development positions. If interviewers cannot imagine a candidate for director of development sitting down with a bank president and dealing with him or her as a colleague, then the candidate should not be considered for the job. If a person has strong people skills but doesn't appear to be detail oriented, that person should not be assigned data management responsibilities. A person with a public relations background but no fundraising experience should not be assigned resource development responsibilities without intense training—if the person is hired in development at all.

The ideal director of development must use both sides of his or her brain. To succeed, this person must be a planner, persuader, writer, analyst, operations manager, cheerleader, and expert in organization development. In today's environment, he or she should be computer literate. Above all, the ideal director of development is a good listener—someone who listens empathetically.

The database manager and development office support staff must be meticulous and detail oriented. And every development office needs a strong writer. Design experience, while not a necessity, is also of great benefit to the development office.

The people responsible for implementing each of the fundraising strategies should be experts in their fields. The person responsible for special events should be experienced, detail oriented, and knowledgeable. He or she should work well

with volunteers. The direct mail specialist should understand response rates and segmentation strategies, direct mail fundraising strategy, and direct marketing techniques. He or she should be trained to write copy and evaluate design (or know best practices so he or she can meaningfully critique the work of others). The online fundraising manager should know best practices, stay current on trends in online fundraising, and understand what motivates people to respond online. Similarly, the grants writer, planned-giving officer, and major-gift personnel should be experts in their fields. In smaller organizations, the director of development must understand the basics of all resource development strategies, and to the extent possible become an expert in those strategies most important to the nonprofit organization.

### **Organization and Growth**

Development offices often grow following a pattern that traces the evolution of the nonprofit agency. During an organization's earliest years, volunteers do everything. In these grassroots organizations, the volunteers serve as board members and also perform all of the staff functions. After a period of time, the organization grows to the point that it can hire an executive director. The executive director, often supported by an administrative assistant, performs all key staff functions, including grant writing and perhaps mail campaigns. Volunteers continue to run the special events. Fundraising activities are generally limited due to the lack of staff.

After another growth period, the nonprofit organization hires a person with fundraising, marketing, and public relations responsibilities. Because it is so difficult to balance these responsibilities, this solution rarely works as well as the organization may have hoped.

At some auspicious moment in the organization's history, the agency hires its first full-time development director. If this person is experienced and has a quality assistant with whom to work, miracles begin to happen. Given board support, the development director can initiate a major-gifts program, increase the number and effectiveness of mailings and online fundraising efforts, improve the grantsmanship program, provide assistance to the volunteers running the special events, increase sponsorship levels, and begin a simple-to-administer planned-giving program that focuses on wills and bequests.

Once the organization has a full-time development director and it experiences continued growth in net contributed income, the development staff continues to grow in response to new opportunities. Often, the next hire is a gifted assistant who provides valuable support services for the development director. As the gift volume increases, the organization will need to hire additional gift processing

staff. Depending on which fundraising strategies are most important to the organization, the nonprofit may then hire a special-events person, an annual giving/mail/online specialist, a grants officer, a major-gifts officer, and finally, a planned-giving specialist. The reason that the planned-giving officer is one of the last hires is that an organization must be well established before donors feel confident in making planned gifts to it, and because this position will often not be profitable until the gifts are realized years later.

Often universities follow a somewhat different pattern in the evolution of their resource development functions. Typically, one finds a development director at each school of the university. Over this large structure is a person who serves as vice president for institutional advancement. This person, who has overall development responsibilities, may have a broad array of job titles. Many serve as chief executive officers of the university's support foundation. At the senior levels there might also be major-gift and planned-gift officers. The university development organization also recognizes the importance of alumni relations, so large development operations evolve. One key to success is to organize the efforts around prospects. For example, if a major donor attended the school of engineering, the development director of that school may be assigned primary responsibility for nurturing the relationship. However, if the major donor is the president of a large corporation, the university's corporate-giving officer—or even the university president—may be assigned prime responsibility. Again, the important issues are peer relationships, chemistry, and the donor's interests. In the best of worlds, intelligent decisions are made regarding these matters. In the worst of worlds, territorial battles over prospects prevail, and contact with the donor may be difficult because he or she feels a lack of professionalism caused by being approached by multiple people who have not coordinated their efforts.

Obviously, the larger the institution, the more important prospect management becomes. It has been said before, but it should be repeated: No prime prospect is assigned to more than one development officer.

## The Search Process

When hiring a director of development or any other key person, follow these steps:

1. *Form a search team.* The team should develop a job description and search strategy. The team also should study compensation plans and determine a salary range for the position. Also, consider the dynamics of the organization. What skills and experience are needed? What kind of management style fits the institution? What values and beliefs should the ideal applicant possess?

What special issues of “chemistry” must be considered? What types of people have worked well with the executive director and board leaders in the past? This is also when your organization should decide if they want to contract with a search firm to conduct the search or conduct the search itself.

2. *Review résumés.* What is the overall impression? Is the experience relevant? Has he or she worked for organizations of similar size, or will this represent a significant increase in terms of the donor base and responsibilities? The vast number of applicants can be eliminated at this stage.
3. *Pre-interview the applicant.* A brief telephone conversation prior to any formal interview process is helpful. Use this call to learn more about the applicant’s background as well as to ascertain whether the applicant would consider a position in the salary range that will be offered. Also, find out when the applicant might be available, should a position be offered.
4. *Interview three to five finalists.* Whenever possible, schedule the interviews somewhat close together. Ideally, the same interview team should interview each of the applicants. Group wisdom is very difficult when interviewers come and go throughout the process.

Allow sufficient time for a thorough yet structured interview. Help interviewees feel comfortable. After introductions and a brief review of the job requirements, allow interviewees 10 to 15 minutes to tell a bit about themselves and how they can serve the organization. Given the ready availability of information about the organization that is on the Internet, the candidate should exhibit knowledge of the work the organization does and be able to provide information about their interest in the job based on what they have learned in their research.

When asking about experience, form inquiries using involvement questions. In other words, rather than asking, “Have you ever written a successful grant application?,” say, “Please tell us about any grants you have written, and especially let us know how you went about the entire grant process, beginning with your research and preparing the grant application through how you acknowledged the grant once it was awarded.” Other useful involvement questions include: Describe a situation where you disagreed with a volunteer. What was the situation and how did you handle it? Describe a time when you had multiple priorities and competing deadlines. What were the circumstances? How did you organize your workflow? Think back to the best boss or supervisor you ever had and the worst boss or supervisor you ever had to deal with. Describe both sets of circumstances and focus especially on how you dealt with the situation where you had the less-than-desirable supervisor. What

was the largest charitable contribution you were involved with? What was your role, and what did you do to help secure the contribution?

When the interview team focuses on involvement questions—rather than merely encouraging a skills inventory—the organization ends up with a more complete understanding of how the candidate works and functions in a broad array of real-life situations.

Finally, ask the candidate what questions they have about the organization or its fundraising activities. When a candidate asks thoughtful questions that are relevant to the organization's work, he or she demonstrates a genuine interest in the organization's mission. However, if the questions all center on benefits, that may indicate that the candidate is more interested in a paycheck than a position in which he or she can be passionate.

5. *Reach group consensus.* Don't let a lot of time elapse before discussing the candidates and their qualifications as a group. Conduct a comprehensive review of the candidates immediately or soon after the final interview. To discourage groupthink, have everyone write down their first choice on a piece of paper. See whether there is already preliminary consensus on the search outcome. However, encourage everyone to keep an open mind throughout the entire search process and to listen to each other carefully. Even brilliant managers and board chairs can err if they make unilateral decisions. Group wisdom is valuable under many circumstances, especially when hiring key people.

Make a decision based on experience and results. In previous positions, did the applicant really play a major role in increasing contributions? Does the applicant have experience helping obtain contributions at the levels the organization needs?

Make a decision based on chemistry and passion. Is the candidate genuinely interested in the mission? Will the person really fit into the organization? Was the candidate clearly a good listener? Will he or she relate well to major donors and supporters?

Finally, make a decision based on management style. Again, is the candidate results oriented? Does he or she have a demonstrable record of motivating volunteers and staff? Does the candidate sound sincere when speaking about team building and mentoring others? Can he or she bring about change without causing a major eruption within the organization?

6. *Check references.* No decision is final until references have been checked. Reference letters are always positive; otherwise, the applicant would not have furnished them. A background check should be conducted if that is the organization's policy, and education stated on the résumé should be verified. An Internet search is also useful to insure there are no "smoking guns."

Unfortunately, many employers are reluctant to give full information about previous employees. However, the organization's financial statements are often a matter of public record. Therefore, it is easy to confirm the range of charitable contributions received during a particular development director's tenure.

Reference checks should focus on work behavior, job performance, chemistry with other colleagues, and the reasons for leaving previous positions. It is often helpful to ask, "Would Ms. Job Candidate be eligible for rehire?"

Most important, make every effort to find out whether the job candidate really helped motivate and obtain large or increased contributions for the previous institution. Prior to hiring a resource development professional, the financial results he or she helped produce must be known.

## **Retention and Maturation**

Volumes have been written about job satisfaction. A great deal of the literature focuses on compensation. However, faced with the vast number of volunteers who work hours upon hours without compensation, it is obvious that motivation encompasses a great deal more than salary. Responsible people working in the nonprofit sector have an obligation to ensure that the organization pays adequate and competitive wages. But job enrichment may play an even larger role in job satisfaction. Educational opportunities are important and appreciated, as is the opportunity to achieve professional certification or to contribute to the field through participation in the local Association of Fundraising Professionals chapter, contributing articles and blog posts, speaking at seminars or on webinars, or other opportunities that are offered to the employee. Above all, organizations should ensure that each employee is treated with respect. Openness in communications is a big plus. So is attention to physical comfort. For example, allowing each employee to choose his or her own chair is a relatively inexpensive investment.

Research shows that development directors have high turnover, often caused by unrealistic expectations. That is why developing goals that stretch an employee but are realistic for a person with determination and skills to accomplish is essential. Also, these goals need to be reviewed regularly and potentially changed if they are not stretching the employee or establishing an impossible expectation. It is not unrealistic to conduct brief quarterly reviews of goals to help an employee stay on course for success.

Too often performance appraisals and job evaluations are matters of stress in an organization; there is so much buildup that it feels like any concerns have been bottled up until they reach the point of explosion. In reality, there should be few

or no surprises at a performance evaluation. Instead, make every effort to reduce the stress related to the formal appraisal process by adopting an informal and more human approach throughout the year. When something goes well, immediately thank the person who did it, not just his or her supervisor. When there is a problem, ask the person responsible to tell you three things: What went wrong? How is it being corrected? What steps will be taken to insure it doesn't happen again? Communications experts also tell us that *I* statements work better than *you* statements. For example, "I am concerned that donors who see typos in our materials may form a negative impression of the XYZ Charity" is a lot softer than "You keep giving me unproofed materials. Can't you produce a letter without typos?" Mean people do not belong in leadership positions—especially in nonprofit institutions whose mission is to make the world a better place to live.

Lots of positive feedback accompanied by courteous reminders or suggestions for improvements help create a productive and pleasant work environment. Most important, these feedback statements should be intermittent but frequent. They should never be mechanical, but always sincere and timely. Compelling legal considerations often force institutions to adhere to the performance appraisal practice. However, to truly motivate employees, immediate feedback is the key to success.

## **VOLUNTEERS**

Volunteers play a central role in the life of nonprofit organizations. Because of their dedication, these organizations can keep the costs of providing vital services lower than they might otherwise have been. When these volunteers are treated with respect, shown appreciation, and assigned meaningful work to do, they become an invaluable resource. Because of their involvement, many also become financial supporters of the organization.

Managing volunteers in a professional manner is essential to their satisfaction and long-term involvement with the organization. This begins with a clear job description, and continues with a regular place to work (when appropriate), assignment of meaningful work, and recognition and respect. Volunteers should never feel like they are unneeded or taken for granted.

Volunteer identification, recruitment, and training are time-consuming tasks. Too frequently, nonprofit staff members find it easier to just do the job themselves than to recruit a volunteer to complete the assignment. This is a very shortsighted point of view. Once a volunteer has been recruited, there is a good chance that he or she will be available on a regular basis. Therefore, remember that many responsibilities related to volunteer recruitment and orientation are time consuming only the first time. The more the organization engages volunteers, the more cost effective are their services.

## Roles

Volunteers can fill every conceivable role in the nonprofit organization. One retired community leader served on several occasions as interim executive director of a nonprofit while the organization conducted a search for a permanent executive director, while others have prepared receipts for mailing.

Volunteers can be called on to perform clerical duties for the organization. For example, some modest-size agencies use volunteers to prepare their mass mailings.

Volunteers can be called on to deliver vital services. Doctors and healthcare providers frequently volunteer to provide services to uninsured constituents, or chefs prepare meals for the homeless. Volunteers can be called on to provide specific expertise. Real estate agents, designers, professional writers, finance experts, attorneys, CPAs, printers, and a host of other professionals have been known to donate services to nonprofit organizations. The line between volunteerism, in-kind services, and pro bono services is a bit muddled. However, there is no doubt that people who share the organization's values can be asked to donate their personal and professional time to the cause, as long as you remain mindful that people's businesses generally have to be profitable overall in order to remain in business.

From a fundraising perspective, an organization will want to surround itself with volunteers with affluence and influence. Many can be recruited for the major-gift program. Some may serve on the board. Some may be asked to serve on an advisory board. Some may be recruited to serve on a campaign cabinet. The key here is to find each person's comfort level in the fundraising process. Not everyone feels comfortable directly soliciting contributions. Professionals and experienced volunteer leaders can help others become more comfortable in a fundraising environment.

Encourage the institution to use volunteers in as many capacities as possible. Identify and recruit as many volunteer leaders, organizers, and workers as possible. Some of these folks will never solicit personal gifts but can prove invaluable in organizing large-scale special-event fundraisers. Some may help in the ways just described.

By the way, many volunteers who would be unlikely to help with a one-to-one or team solicitation will help with group solicitations. Here are a few steps that can be taken to encourage these group solicitations:

1. Find volunteers who are willing to open their homes.
2. Encourage them to invite their friends.
3. Augment the invitation list with supporters from the volunteer's geographic area.
4. Prepare attractive invitations.

5. Prepare and conduct the group solicitation. State the case for support. Keep the presentation short. Share testimonials. Use attractive visuals when possible. When soliciting gifts, refer to a gift range that reflects the capability of the people in attendance.
6. Distribute and collect pledge cards and contributions at the gathering.

Other volunteers will open their homes only for cultivation events. Some people are very uncomfortable with the thought of soliciting friends and neighbors. However, some of these very same people—especially those with attractive homes—feel comfortable in inviting people to a gathering where their friends, neighbors, and other prospects can learn more about the nonprofit institution from staff members.

Another way volunteers can help is by providing information concerning prospective donors. People who are knowledgeable about the community can help with prospect ratings and research. Naturally, gatherings of such volunteers should be small and confidential.

### **Recruitment and Retention**

Volunteer recruitment should become a key element in every nonprofit organization's culture. All board members, staff members, and volunteers can be reminded that volunteer recruitment is the institution's high priority. Staff members should be ever vigilant for volunteer opportunities. Volunteers should be made to feel welcome at the agency. Everything possible must be done to avoid an us-versus-them mind-set. Break down as many barriers as possible. Create as many volunteer job slots as possible. Maintain lists of things that can be done on a when-a-volunteer-is-available basis.

By establishing and maintaining relations with an auxiliary group, the organization can develop a reliable cadre of volunteers. It may be useful to establish a young professionals support organization. Young professionals often have boundless energy, great ideas, and close relationships to community leaders.

When the organization needs more volunteers than it can recruit by itself, consider approaching a civic club to adopt the cause or project. Members of groups such as Rotary, Lions Club, and Kiwanis often can be motivated to move en masse on behalf of a nonprofit organization with a compelling case for support.

The number-one way to retain volunteers is to consistently show appreciation for their work and dedication. Take steps to avoid burnout. Include volunteers in social events and appropriate staff updates. Say "*Thank you.*" Smile; be warm and genuine.

## WORKING WITH CONSULTANTS

Every consultancy takes on a life of its own. However, the conceptual framework—the *consulting cycle*—illustrated in Exhibit 15.6 is fundamental to most consulting relationships.

Nonprofit organizations find consultants helpful at key points in the organization's history. Consultants help grassroots organizations transition to more mature institutions. Organizations beginning strategic planning processes often find it helpful to work with consultants. Organizations contemplating capital campaigns find consultants indispensable. Many organizations turn to consultants when beginning a search for a key employee. Consultants can do important work before the organization has the means to hire staff to manage it, or during a trial period when they are testing it to see if hiring staff is viable for their organization.

Perhaps a consultant's main role is to provide an objective perspective to key decisions and processes. At times, the decision to work with a consultant is greeted with misgivings or skepticism. However, the consultant-client relationship is strengthened when the key decision makers understand the gravity of the challenge being addressed. It is also helpful if board members have had an

### EXHIBIT 15.6 THE CONSULTING CYCLE

1. Needs Assessment/Situation Analysis
    - a. Interviews
    - b. Document review
    - c. System analysis
    - d. Direct observation of work processes
  2. Development of Alternatives
    - a. Suggestions from in-house team
    - b. Suggestions generated by the consultant
    - c. Review of known options
    - d. Brainstorming session
    - e. Recommendations from peers
    - f. Surveys of industry best practice
  3. Decision
    - a. Pros and cons
    - b. Quantify expectations
    - c. Stakeholder analysis
    - d. Consensus
  4. Implementation
    - a. Who does what by when?
    - b. What financial and human resources are allocated to the project?
    - c. What are the critical success factors?
    - d. Who's in charge?
    - e. How will we continually measure success throughout the project?
    - f. How will we manage the project? (Identify tools to be used.)
  5. Evaluation
-

opportunity to meet with the consultant and have gained an understanding of his or her track record in dealing with similar situations.

In the resource development arena, consultants are called on to provide the following services:

- Development audits—assessments of fundraising offices and recommendations to enhance resource development programs
- Precampaign studies—feasibility studies, market surveys, and campaign assessments designed to assess fundraising potential, refine plans, and nurture relationships with potential major donors
- Capital and endowment campaigns—campaign support, advice and counsel, and/or resident campaign management
- Prospect research—intensive research concerning specific prospects, electronic screening of databases, and/or facilitating the ratings and evaluation process
- Annual giving—direct mail and online campaign consultation, special-event support, and comprehensive resource development planning
- Major-gift initiatives—prospect research, volunteer recruitment, materials development, cultivation, and solicitation training and support services
- Planned giving—materials development, board orientation, planned-giving seminars and marketing, individual gift planning, and general advice and counsel
- Strategic planning—board retreats and gatherings facilitation; analysis of the organization's strengths, weaknesses, opportunities, and threats (called a SWOT analysis); strategic planning committee meeting facilitation; preparation of notes and draft versions of the strategic long-range plan; plan refinement based on board suggestions; preparation of final version for board approval
- Executive search—job analysis, preparation of job description, comparative analysis of salary and benefit packages, proactive recruitment, screening of applicant résumés, interview process participation, reference checks, recommendations to the decision-making body
- Fundraising software—needs assessment, situation analysis, software options reviews, examination of institutional interfaces, customization of system, data transfer, annual system support, and/or delivery of turnkey system
- Grantsmanship—grants research, project development, writing and editing, monitoring deadlines, and fulfilling report requirements
- Board development—board/staff relations, nominating process, potential board member identification, recruitment, and orientation; committee structure, bylaws, and work processes

- Retreats, seminars, workshops, and process facilitation—training, orientation, involvement activities, and a broad spectrum of planning processes

The scope of work is described in a contract between the nonprofit organization and the consulting firm. Some firms define a very narrow scope of work. A few create contracts that allow greater flexibility and a broader range of services in response to changing circumstances. Some firms provide advice. Others take a more hands-on approach. Each contract should include a confidentiality agreement and a non-compete clause.

The best consultants realize the importance of people, not just facts and situations. They ask: “What is the situation as it now exists? What would the ideal future be like? What steps are needed to get to the ideal future? What person or persons can help bring about the changes needed? How can we motivate them to help? Do any stakeholders oppose the change? How can we neutralize them or bring them around to our point of view?”

Ultimately, *people* make decisions. In any consulting or planning process, the motivations of the stakeholders must be understood.

## **Selection and Contracting**

Once a decision has been made to engage the services of a consultant, the organization can follow 10 steps in choosing the consultant to perform the work. While these are most relevant for an organizational consultant that will interact with the board and leadership, such as during a capital campaign, they can be adapted for consulting work that is task-oriented, such as producing the direct mail program or redesigning a website.

1. *Form the selection committee.* The consultant selection committee should be composed of visionary people, wise people, generous people, and decision makers. Avoid having a committee that is so large that it is difficult to come to consensus.
2. *Clarify expectations.* Prior to developing a request for proposal, the committee members should thoroughly discuss and understand the consultant’s role in the proposed project. The committee’s first task, therefore, is to develop realistic expectations of what deliverables are expected. The committee also should have a firm understanding of the desired outcome. After interviewing potential consultants, this understanding may be refined and modified. But the team must begin with a common understanding.
3. *Develop a request for proposals.* RFPs need not be complex. A simple one- or two-page letter will suffice for most situations. The RFP should state expectations as clearly as possible. Describe the situation. If the services are

for a campaign, include the initial estimate of the goal. State any concerns that are unique to the nonprofit organization.

The RFP should contain specific questions about the consultant's experience. At a minimum, the consultant should be asked to provide relevant background information concerning the firm's experience with projects such as the organization's.

The RFP should ask the prospective consultant to state how he or she will accomplish the work described in it. If the consulting firm has a unique approach to the problem, this approach should be highlighted or described as clearly as possible.

Every RFP should have a due date for the proposal. It also should request the name and background of the consultant who will be assigned to the project and request three or more references.

4. *Find prospective consultants.* Nonprofit organizations have a number of ways of finding prospective consultants to approach. Avoid sending 25 to 50 RFPs to consulting firms across the nation. It is far better to identify not more than seven firms to approach. The initial list should include names of realistic candidates for the contract—respected people or firms with the background needed. Here are some suggestions:

- *Consulting firms the nonprofit organization has dealt with in the past.* A full formal search may not have to be conducted if the organization already has a strong relationship with a successful consulting firm. In such a case, the consultant or firm may know the situation very well and perhaps can give the project a jump start.
- *Referrals from colleagues.* Call colleagues working with other nonprofit organizations. Ask them which consultants have been helpful in conducting projects or campaigns similar to yours.
- *AFP referrals.* The Association of Fundraising Professionals can furnish a list of member consultants in your region.

5. *Screen responses to RFPs.* Even when dealing with a small group of qualified consultants, several may appear nonresponsive to a particular organization's needs or circumstances. Therefore the first step is to eliminate the obviously unqualified or nonresponsive consultants.

If the organization wrote to numerous consulting firms, staff may make this initial cut. However, to ensure board buy-in on appropriate consulting engagements, the rejected applications still can be made available to committee members for their review and possible reconsideration.

After the initial screening, the committee can reach a consensus on two to five finalists.

6. *Check references.* Checking references prior to final selection can help eliminate a wasted interview. Ask:

- What was the nature of the project the consultant worked on?
- How long was the consultancy?
- Did the project succeed? If not, why not?
- Did the consultant ever have an occasion where he or she had to convey advice that not all board members agreed with? How well was the situation handled?
- Was the consultant always objective?
- How would you rate the consultant's flexibility?
- Was the consultant a good listener?
- How well did the consultant relate to the board, staff, and volunteers?
- How well did the consultant develop solutions to the problems you faced?
- Would you hire the consultant again?

7. *Conduct the interview.* Have the entire committee present for all interviews. As with interviews of key hires described earlier, ask "involvement" questions. Examples:

- When you last did a needs assessment, what organizational issues did you cover and how did you uncover the information needed for the findings?
- Some of our board members believe that they need not make a financial contribution to the organization because they donate so much time. How have you handled this attitude when you have encountered it in the past?
- Have you worked in a fundraising campaign where the volunteers were simply not making their calls? What steps did you take to ensure that the campaign reached its goal despite this obstacle?
- When you are conducting a feasibility study, and the interviewee appears reluctant to answer your question about a giving range that he or she might consider, how do you respond?

Request that the consultant bring sample materials to the interview, such as past development audits, feasibility studies, other precampaign studies, and development plans. Be sensitive to the need for confidentiality, however. The consultant, due to confidentiality agreements, may only be able to share limited or anonymous materials; examples include:

- An older study performed for a client in a distant location.
- A strategic long-range plan, comprehensive resource development plan, feasibility study, or development audit that has been edited so that the client's identity will not be revealed.

- Campaign brochures and promotional materials developed for other clients as these, of course, are freely available to the public.
- Work for which he or she has received permission from a previous client to share for the purpose of allowing potential clients to assess the consultant's experience.

Structure the interview so that the prospective consultant has an opportunity to ask questions. The questions asked will reveal a lot about the nature of the consultant's thought processes. Additionally, these questions will reveal what homework the consultant did prior to the interview.

8. *Make the decision.* When decisions are made, most committees tend to focus on the four Cs: competence, confidence, chemistry, and cost. The consultant must have the competence, experience, and knowledge needed to accomplish the work, and he or she must inspire confidence. The chemistry must be right; the consultant must be a person who relates well with the board, staff, and volunteers. And finally, the consultant's proposal must be cost effective for the organization.

In all probability, the consultant selection committee adopted a set of selection criteria early in the process. Such criteria might include the following:

- Will the candidate inspire the board and staff to make the changes needed?
- Does the candidate have the knowledge and experience needed?
- Did the candidate receive good references?
- Will the candidate work well with the board, staff, and volunteers?
- Will the candidate "tell it like it is"?
- Does the candidate have a demonstrable record of helping similar organizations dramatically increase their contributed income?

9. *Draw up the contract.* The consultant's response to your organization's RFP forms the basis of the contract. The final contract should be clear as to start and stop dates and should define the scope of work to be accomplished. Build in some flexibility, but ensure that the final contract is as specific as possible as to deliverables and due dates. It should specify what services the consulting firm will perform and include a description of the nonprofit organization's responsibilities. The contract should include a dispute-resolution clause and may include a mutual-right-of-termination clause. The contract should be clear as to compensation. As noted earlier, confidentiality agreements and non-compete clauses should be included in your contract.
10. *Notify consulting firms.* As a courtesy to the consulting firms who responded to the RFP but were not chosen to perform the work, send a gracious letter acknowledging the proposal and stating the outcome of your search. Good manners are not reserved only for prospective donors.

## Implementing Recommendations

This is where the rubber meets the road. Too many reports gather dust on shelves. Don't let that happen.

The first step in the implementation process is to refine the plan and gain board approval. If the consultant's recommendations are richly detailed, refining the timeline and agreeing on responsible parties for tasks and subtasks becomes a simple matter. Board and staff members should be made aware of the study, plan, or audit's recommendations. Everyone involved should understand the major tasks to be accomplished, the time commitments required to complete these tasks, and other circumstances unique to each consultancy.

Board approval or *agreement in principle* is imperative. It is not enough simply to acknowledge receipt of the report.

Now that the work has been planned, the plan must be worked. Remain focused on the need to build a solid case for support. Improve the information system. Use a thoughtful nominating and relationship-building process to recruit board members of affluence and influence. Identify, cultivate, and solicit major-gift supporters. If a project involves a campaign, assiduously follow the advice contained in the precampaign study. Stay on track. Monitor deadlines. Refer back to the report frequently. Make corrections and refinements throughout.

While working, keep the lines of communication open and clear. If a contract with the consultant includes a continuing relationship, expect the consultant to remain proactive. Periodically let the consultant know how he or she is doing. Foster strong relationships and communications among the staff, board members, volunteers, and the consultant. Listen to everyone. Let common sense prevail. Stay focused on the primary objectives of the campaign or project. At every stage of the process, remain sensitive to the wants and needs of current and prospective donors.

## Successful Fundraising in Large and Small Nonprofits

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*Insanity: doing the same thing over and over again and expecting different results.*

—ALBERT EINSTEIN

Nonprofit organizations can increase their contributed income dramatically by monitoring and measuring, and using that information to make improvements across a broad range of critical success factors.

Unfortunately, in the busyness of the day, too many fundraisers overlook the need for monitoring. This is true in nonprofits of all sizes. But neglecting the measuring of results and then using these measurements to improve future results is repeating the same failed or marginal strategies instead of seeking out a better way to potentially accomplish more.

While extensive testing may seem out of your budgetary reach, the fact that fundraising involves many measurable objectives and outcomes makes the process of monitoring for continual improvement a necessary role for every fundraiser. Many of these are the keys to the organization's success and growth of its mission-achieving activities. Earlier chapters indicated that some of the factors measured are means—ways to achieve the organization's fundraising goals. These include the number of mailings, quantity of personal contacts, grants applied for, and a host of other measurements. Previous chapters also explored how to measure the ends—the desired outcomes. These ends included the total dollars contributed, the total number of contributors, and how the contributed income met the nonprofit organization's programmatic goals. Above all, we must stress the importance of focusing on net contributed income. Total dollars raised is good, but only the amount left after all the costs are paid can achieve your mission-related goals.

*The Complete Guide to Fundraising Management* also has explored the importance of building positive relationships with current donors and prospective supporters.

It is not possible to create an evaluation tool that accurately reflects how well an organization relates to its volunteers, board members, donors, and prospects on a personal level. No form can accurately capture the genuine warmth experienced when relating to another person. However, the outcome of such encounters can be measured. People who put the desires of the donors above the needs of the organization ultimately build stronger, more lasting relationships with supporters. Volunteers who are treated like valued partners remain loyal.

Periodic evaluation is needed to ensure success over time. Any nonprofit organization can benefit by conducting the self-assessment contained in this chapter, though there are times when engaging someone from outside the organization—a peer from another organization or a consultant—may be beneficial. Over time, we often see only what we want or expect to see, rather than what is reality. Avoiding this tunnel vision can lead to truly transformational changes at the organization.

The following pages contain a brief fundraising assessment (see Exhibit 16.1) followed by a comprehensive fundraising assessment (see Exhibit 16.2). Part 1 of Exhibit 16.2 is the scorekeeping portion; it deals with results and “ends.” Part 2 contains an evaluation of a wide range of fundraising strategies and techniques. Part 3 covers a broad spectrum of organizational issues and metrics that can lead an organization to dramatically increased contributed income. How wisely these increased financial resources are used may very well determine at what level an organization continues to receive the funds needed to carry out its mission.

These evaluation tools are concerned with critical success factors for fundraising. Use them to identify where the organization needs to improve. Expect to find areas where improvement is warranted. If several areas are identified, prioritize them. Don’t become overwhelmed; instead start to chip away, recognizing that even the most seasoned fundraising professional must continually improve and learn to be most effective.

## **WHAT EVERY FUNDRAISER SHOULD MONITOR**

While using the assessment tools provided in this book on a regular basis is important, fundraisers need to constantly be monitoring their programs. This is critical to maintain the health of the fundraising program. Much as a doctor may check your blood pressure, weight, and cholesterol numbers to help evaluate your overall health, fundraisers need to watch certain key risk factors for their fundraising program.

Today, many donor management software programs have innumerable reports built in; in fact, it can be overwhelming. But that doesn’t reduce the need to look at numbers regularly—and most importantly, to ask, “What does this mean? What do I need to do about this number?” Simply knowing a statistic is pointless

**EXHIBIT 16.1 FUNDRAISING ASSESSMENT (BRIEF)**

Questions	Scoring	Points Earned
1. Percentage gain in true net contributed income (most recent fiscal year over previous fiscal year).	2 points for each percentage point gain; 0 points if flat or declining net contributed income	
2. Did 100% of your board members make a financial contribution this fiscal year?	10 points if yes; 0 points if no	
3. Did your acquisition mail last year produce enough new donors to both replace donors lost through attrition and to allow growth of the donor mail file?	10 points if yes; 5 points if your net mail file remained the same size; 0 points if mail file shrank	
4. Does the organization regularly generate and review fundraising reports that indicate net contributed income from each appeal?	10 points if yes; 0 points if no	
5. Does a development officer or the executive director participate in personal major-gift solicitations or event sponsorship solicitations?	1 point for each personal visit during the most recent fiscal year	
6. Which of the following fundraising strategies does your organization employ: mail, return envelopes with receipts, online donations, grants, tribute gifts, special events, major gifts?	2 points for each strategy employed during most recent fiscal year	
7. Which of the following planned-gift strategies does your organization employ: newsletter articles, personal contact, seminars, brochure mailings, computer-generated benefit illustrations, reminder slips in receipts, information check box on reply forms?	2 points for each strategy employed during most recent fiscal year	
8. Does the organization promptly thank each contributor?	5 points for 2-day turnaround or less; 3 points if 7 days or less; 0 points if longer or if each contributor is not thanked	
9. Has the organization adopted a formalized acknowledgment program?	5 points if yes; 0 points if no	
10. Has the organization adopted a prospect identification, rating, and cultivation system?	5 points if 75 or more prime prospects were identified; 5 points if request amounts were assigned to 50 or more prime prospects; 5 points if the prime prospects have been invited to an event within 6 months	
<b>TOTAL POINTS</b>		

(Continued)

**EXHIBIT 16.1 (CONTINUED)**

90 and above = Excellent	Keep up the good work! Focus on strategies to improve in the areas where you scored a bit less.
80—89 = Very Good	You're doing as well as or better than most. But there's still room for improvement. Set goals to address areas where you scored lowest.
70—79 = Average	There is great potential for improvement! Focus on high-payoff activities and dramatically increase your contributed income.
Below 70 = Poor	Please complete the longer assessment and aggressively address opportunities for improvement.

**EXHIBIT 16.2 FUNDRAISING ASSESSMENT (COMPREHENSIVE)**

**Part 1—Results**

**SCOREKEEPING MEASURES**

**Fundraising Results—Arranged by Fundraising Strategy**

Advice: Focus on net contributed income and trends. (Many nonprofit evaluation forms focus on gross contributed income and “snapshots” in time or single-year results. This can cover up activities that are not generating sufficient net, or prevent you from seeing trends that can prove disastrous if left unaddressed.)

**Mail, Email, and Online Campaigns**

**The following table will summarize the results of the nonprofit organization’s mail campaigns for the four most recent fiscal years. Try to fill in the results from the three past fiscal years and the current year’s projected results. Expense figures represent direct expenses only; salaries and other overhead are not included.**

	<b>3 Years Ago</b>	<b>2 Years Ago</b>	<b>Last Year</b>	<b>Current Year</b>
In-House List: donations, tribute gifts, and gifts from gift acknowledgment program: Income Expense Net				
Prospect Mail: Income Expense Net				
Unsolicited Gifts (“white mail”): Income Expense Net				

**EXHIBIT 16.2 (CONTINUED)**

Online Giving (eAppeals, website giving, giving via banner ads, etc.):				
Income				
Expense				
Net				
Total Net Income:				
Mail and Online Giving				

<b>Special Events</b>				
<b>The following table will summarize the results of the nonprofit’s special events fundraisers for the four most recent fiscal years. Expense figures represent direct expenses only; salaries and other overhead are not included.</b>				
	<b>3 Years Ago</b>	<b>2 Years Ago</b>	<b>Last Year</b>	<b>Current Year</b>
Special Event 1				
Ticket sales and other revenue				
Sponsorships				
Total Income				
Expense				
Net Income				
Special Event 2				
Ticket sales and other revenue				
Sponsorships				
Total Income				
Expense				
Net Income				
Special Event 3				
Ticket sales and other revenue				
Sponsorships				
Total Income				
Expense				
Net Income				
Special Events Total Net				

NOTE: We do not recommend conducting numerous special events; one to three highly successful special events per year may be desirable. Of course, actual events conducted in the last several years should be listed.

*(Continued)*

**EXHIBIT 16.2 (CONTINUED)**

<b>Major Gifts</b>				
<p><b>The following table can be used to summarize the results of the nonprofit's major gift program for the four most recent fiscal years. Expense figures represent direct expenses only; salaries and other overhead are not included. NOTE: Do not double count major gifts. List only those major gifts that are not included in the mail campaigns or special events sponsorship information.</b></p>				
	<b>3 Years Ago</b>	<b>2 Years Ago</b>	<b>Last Year</b>	<b>Current Year</b>
Major Gifts: Income (not included in mail or special events)				
Major Gifts: Direct Expense				
Major Gifts: Total Net				

<b>Grants</b>				
	<b>3 Years Ago</b>	<b>2 Years Ago</b>	<b>Last Year</b>	<b>Current Year</b>
Grants: Income				
Grants: Direct Expense				
Grants: Total Net				

<b>Telephone Campaigns</b>				
	<b>3 Years Ago</b>	<b>2 Years Ago</b>	<b>Last Year</b>	<b>Current Year</b>
Telephone Campaigns: Income				
Telephone Campaigns: Direct Expense				
Telephone Campaigns: Total Net				

<b>Other Sources of Income</b>				
	<b>3 Years Ago</b>	<b>2 Years Ago</b>	<b>Last Year</b>	<b>Current Year</b>
Other: Income				
Other: Direct Expense				
Other: Net Income				

**EXHIBIT 16.2 (CONTINUED)**

**Fundraising Results—Arranged by Gift Level**

Advice: Focus on *modes* (most frequent value) rather than averages. The aim is to have a broad range of contributions and gift opportunities. When completing this portion of the assessment, key things to ask are:

1. Are contributions increasing at each gift level?
2. Are there gifts at each of the levels listed, including the highest level?
3. Is the distribution curve smooth—many small gifts, slightly fewer at the next range, a bit fewer in the next range, etc.—without gaps?

Summary of Results				
Gift Range (\$)	3 Years Ago # Gifts/Total Value	2 Years Ago # Gifts/Total Value	Last Year # Gifts/Total Value	Current Year # Gifts/Total Value
1–99				
100–249				
250–499				
500–999				
1,000–2,499				
2,500–4,999				
5,000–9,999				
10,000–24,999				
25,000–49,999				
50,000–99,999				
100,000 & above				
Total				

**Fundraising Results—Overall Trends**

Use this table to summarize the net direct income from all fundraising strategies.

Net Income Trends				
	3 Years Ago	2 Years Ago	Last Year	Current Year
Mail, email, and online (net)				
Special events (net)				

(Continued)

**EXHIBIT 16.2 (CONTINUED)**

Major gifts (net)				
Grants (net)				
Telephone campaigns (net)				
Unsolicited income (white mail) (net)				
Bequests and other realized planned gifts (net)				
United Way (net)				
Other contributed income not accounted for elsewhere (net)				
Subtotal: Direct Net Contributed Income				
Indirect expenses, salaries and identifiable overhead				
True Net Contributed Income				

**Part 2—Methods and Means**

**Mail: In-House List (Cultivation)**

How many mailings (include all in-house mail appeals) were mailed last year? \_\_\_\_\_

How many mailings are scheduled for this year? \_\_\_\_\_

Approximate or historical numbers:

	# Mailed	Response Rate	Average Gift
Current Year			
Last Year			
Two Years Ago			
Three Years Ago			
Four Years Ago			
Five Years Ago			
Six Years Ago			
Seven Years Ago			
Eight Years Ago			
Nine Years Ago			
Ten Years Ago			

**EXHIBIT 16.2 (CONTINUED)**

How many individuals have donated from mail solicitations in the last 12 months? \_\_\_\_\_

How many individuals have donated from mail solicitations in the last 24 months? \_\_\_\_\_

How many lapsed donors (last gift 25+ months ago) are on the in-house list? \_\_\_\_\_

Is an envelope included with thank-you letters/receipts to give donors the opportunity to send additional contributions?  Yes  No

Is the organization working with a mail house, mail vendor, or mail consultant to manage the in-house list?  Yes  No

**Mail: Donor Acquisition (Prospecting)**

How many prospect mailings were mailed last year? \_\_\_\_\_

How many prospect mailings are scheduled for this year? \_\_\_\_\_

Approximate or historical numbers:

	# Mailed	Response Rate	Average Gift
Current Year			
Last Year			
Two Years Ago			
Three Years Ago			
Four Years Ago			
Five Years Ago			
Six Years Ago			
Seven Years Ago			
Eight Years Ago			
Nine Years Ago			
Ten Years Ago			

For acquired donors, what is the:			
	Cost to Raise \$1	Cost to Acquire a Donor	Estimated 5-Year Value
Current Year			
Last Year			
Two Years Ago			
Three Years Ago			
Four Years Ago			

(Continued)

**EXHIBIT 16.2 (CONTINUED)**

Five Years Ago			
Six Years Ago			
Seven Years Ago			
Eight Years Ago			
Nine Years Ago			
Ten Years Ago			

**Special Events**

**Sponsorships**

What is the largest sponsorship level sought on an annual basis? \$ \_\_\_\_\_

When is the last time the top sponsorship level was raised? (Date) \_\_\_\_\_

Have multiple sponsorship levels been created?  Yes  No

What is the total dollar value of all sponsorships from all special events? \$ \_\_\_\_\_

Has this amount been growing each year?  Yes  No

**Other Event Income and Measurable Results**

How many people attend special events each year? \_\_\_\_\_

What is the average ticket or participation price? \$ \_\_\_\_\_

How many events are conducted? \_\_\_\_\_

For each event, divide the net income by the estimated number of volunteer and staff hours. This is the dollars raised per hour.

Event 1 dollars raised per hour \$ \_\_\_\_\_

Event 2 dollars raised per hour \$ \_\_\_\_\_

Event 3 dollars raised per hour \$ \_\_\_\_\_

**Major Gifts and Personal Solicitations**

	Yes	No
Has a list of at least 50 to 100 prime prospective major donors been assembled?	_____	_____
Have attractive solicitation materials that can be personalized for each in-person presentation been assembled?	_____	_____
Has training or major gift orientation been provided for your key volunteers?	_____	_____
Has the prospect pool been rated (i.e., has a specific request amount for each prospective major gift donor been determined)?	_____	_____
Have presentation materials been personalized to reflect the specific request amount?	_____	_____
How many "eyeball-to-eyeball" solicitations did the organization (volunteer and staff) conduct during the most recent fiscal year? _____		

**EXHIBIT 16.2 (CONTINUED)**

In how many in-person solicitations did a member of the staff (executive director, development director, other) participate during the most recent fiscal year? \_\_\_\_\_

Percentage of all visits (volunteer and/or staff) that resulted in a contribution to the organization? \_\_\_\_\_

Total funds raised from personal solicitations: \$ \_\_\_\_\_

**Grants**

	<b>Yes</b>	<b>No</b>
Has anyone from the nonprofit conducted grants research during the most recent fiscal year?	_____	_____
Has a list of intended applications and deadlines for this fiscal year been prepared?	_____	_____
Are frequently used attachments organized so they can be printed or transmitted easily?	_____	_____
Has standard language been written for most frequently asked questions?	_____	_____
Have grant staff networked to identify possible joint projects that could be funded?	_____	_____
In the most recently completed fiscal year: How many grants were applied for? _____		
What was the total dollar amount requested? \$ _____		
What percentage of proposals was funded? _____		
What was the total amount funded? _____		

**Telephone Campaigns**

	<b>Yes</b>	<b>No</b>
Does the organization regularly conduct telephone campaigns?	_____	_____
Do volunteers participate in calling?	_____	_____
Do staff participate in calling?	_____	_____
Do board members participate in calling?	_____	_____
Do you use a professional telemarketing firm?	_____	_____
Do you call current donors?	_____	_____
Do you call lapsed donors?	_____	_____
Do you call prospects?	_____	_____

**Planned Giving**

	<b>Yes</b>	<b>No</b>
Does the organization promote planned gifts?	_____	_____
Are planned gifts promoted in newsletters?	_____	_____
Are planned gifts promoted in thank-you letters and/or receipt mailings?	_____	_____
Are planned gifts promoted in targeted mailings?	_____	_____

*(Continued)*

**EXHIBIT 16.2 (CONTINUED)**

Are planned gifts promoted online?	_____	_____
Are planned gifts promoted through seminars and community meetings?	_____	_____
Are planned gifts promoted in face-to-face meetings?	_____	_____
Are planned gifts promoted to board members?	_____	_____
Are planned gifts promoted online?	_____	_____

**Part 3—Other Financial Development Issues**

**Board Indicators**

	<b>Yes</b>	<b>No</b>
Has a job description been adopted for board members?	_____	_____
Does the job description clearly describe the board members’ fundraising responsibilities?	_____	_____
Does the job description clearly state new board members’ responsibility to donate annually (financial contribution)?	_____	_____
Does the nominating committee consider affluence and influence among the key success factors for board membership?	_____	_____
Do the people responsible for recruiting board members graciously discuss fundraising and giving policies with potential board members during the recruitment process?	_____	_____
Is a board campaign conducted each year?	_____	_____
Is there 100% participation in board giving each year?	_____	_____
Has the amount contributed by board members been growing year over year?	_____	_____
Are all board members part of the planned-giving society and/or a major gift officer’s portfolio?	_____	_____
Has the number of board members been growing each year?	_____	_____
How much is raised from the board campaign? \$ _____		
What percentage of board members are actively involved in personal or major gift solicitations? _____%		
What percentage of board members are actively involved in any fundraising for the organization? _____%		

**Receipting and Thank-You Program, Donor Recognition**

	<b>Yes</b>	<b>No</b>
Is a receipt mailed for every donation?	_____	_____
Does the auto-response for an online gift sound sincere?	_____	_____
Are receipts mailed out in 72 hours or less after receipt of gift?	_____	_____
Is every gift receipted within 7 days of receipt?	_____	_____
Is the thank-you letter copy changed regularly to be current and “fresh” for donors who give multiple times in a year?	_____	_____

**EXHIBIT 16.2 (CONTINUED)**

Is there a formal donor recognition program?	_____	_____
Is there a form of permanent recognition for gifts over a certain level?	_____	_____
Are tokens of appreciation given to donors above a certain level (plaques, certificates, lapel pins, etc.)?	_____	_____
Is there a giving club that offers benefits to the donors who are part of it?	_____	_____
Are there involvement activities for donors above a certain level or in a donor club?	_____	_____

**Cultivation**

	<b>Yes</b>	<b>No</b>
Does the organization have a formal or informal cultivation strategy?	_____	_____
Has a list of prime prospects for cultivation been developed?	_____	_____
Does the organization employ: Informative gatherings?	_____	_____
Personal interviews?	_____	_____
Invitations to tour the facility?	_____	_____
Luncheons?	_____	_____
Informative mailings (annual report, newsletters, etc.)	_____	_____
Annual recognition receptions?	_____	_____
Listings in annual reports of donors?	_____	_____
Does the organization track who and how many people participate in each of the cultivation activities?	_____	_____

**Part 4—Record Keeping, Database Management, and Information Management**

**Record Maintenance**

	<b>Yes</b>	<b>No</b>
Is the name, address, phone number, and all usual and common information of each donor and prospect recorded in a secure and up-to-date database?	_____	_____
Is the database dedicated fundraising software?	_____	_____
Is each gift, contribution date, solicitation method/appeal, and use/restriction/purpose of each contribution recorded?	_____	_____
Is the database used to record other information (contact history, event participation, volunteer activities, etc.)?	_____	_____
Do you record a donor’s profession?	_____	_____
Do you record a donor’s rating or request amount(s)?	_____	_____

*(Continued)*

**EXHIBIT 16.2 (CONTINUED)**

**Use of Technology**

	<b>Yes</b>	<b>No</b>
Is the gift acknowledgment process automated?	_____	_____
Do you regularly segment your mail file and use unique language by segment?	_____	_____
Do online donations automatically feed into your donor system so you have a complete record of a donor's giving (on- and offline)?	_____	_____
Do you regularly generate reports and review:	_____	_____
Fiscal year-to-date giving by activity?	_____	_____
Reports listing prime prospects who are not assigned a solicitor?	_____	_____
Pledge receivables?	_____	_____
Solicitor reports showing all personal contact activity?	_____	_____
Analysis of every fundraising appeal (mail and email)?	_____	_____

**Part 5—Organizational Issues**

	<b>Yes</b>	<b>No</b>
Are the board and staff relatively stable?	_____	_____
Has there been any remarkable turnover on the board or among staff?	_____	_____
Has the organization adopted a strategic long-range plan?	_____	_____
Does the board have an active committee structure?	_____	_____
Is the organization's financial posture strong?	_____	_____
Does the organization have a cash reserve equal to 90 days operating expense?	_____	_____
Are job descriptions clear?	_____	_____
Have the development professionals been given clear responsibility and authority with a focus on net contributed income goals?	_____	_____
Does someone in the organization maintain an "opinion leaders" list (including press, politicians, and others who are influential) and regularly communicate with these people?	_____	_____
How would you rate public awareness of your organization's services?		

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How would you describe the organization's relationship with major community funders?

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unless you use it to set goals, make incremental improvements, and hold yourself accountable for continually improving your fundraising program.

Some key statistics to pay attention to follow. Note that this is not an all-inclusive list. Rather, it is a place to start. The list is not overwhelming, even for a one-person fundraising team, and using these measurements as “health indicators” can help you create a healthier, more robust fundraising program in terms of donor longevity and net income.

Fundraisers need to know (at a minimum):

- Results of all direct response activities (cultivation and acquisition): income, expense, net, average gift, percent response.
- First-time donors: total, number giving a second gift within six months.
- Sources of new donors and lifetime (or long-term) giving by acquisition source. The goal is to repeat what brings in the most sustainable donors and overhaul or eliminate programs that aren’t successfully bringing in new donors who become continuing supporters.
- Receipts: How quickly are they being sent out? What income is resulting from any bounce-back coupon and/or reply envelope enclosed?
- Donor name (mailing list) growth; compare both month-over-month and to the prior year.
- Major donor nurturing: Are they being appropriately cultivated? Are any segments being inadvertently overlooked?
- Major donor giving to *all* activities: Remember, donors don’t always use the mechanism we want them to when making a gift; they often use what is most convenient for them.
- Lapsed recovery: How many former donors are being reactivated? What are they responding to?
- Attrition rate.

Exhibit 16.3 is an example of a simple spreadsheet any nonprofit organization can use to use to calculate attrition rate. As with all statistics, simply knowing your attrition rate is not enough; you must always be asking, “What opportunities are revealed through these numbers? How can I take advantage of those opportunities?” For example, a young nonprofit may identify that while their mailing file is growing, their attrition rate is high; this points to a need for a lapsed recovery program. An organization with a high attrition rate and an older donor base may benefit from launching a planned-giving program. Another nonprofit that identifies a low average gift may strategize ways to increase the average gift size without reducing response rates. A low annual value per donor may be pointing to an opportunity to launch a monthly giving program. This report is

## EXHIBIT 16.3 SAMPLE ATTRITION REPORT

## Donor File Attrition Rate

	2 Years Ago	1 Year Ago	Current Year	% Change, Current Year from Last Year
<b>Donors who gave January 1–December 31, current year, and who also gave last year</b>				
Number on January 1		5,556	5,641	1.53%
Number renewing	3,542	3,603	4,012	11.35%
Percentage renewing		64.85%	71.12%	9.67%
Number of gifts	8,850	8,400	10,000	19.05%
Value of gifts	\$103,500	\$99,500	\$117,000	17.59%
Average # of gifts/donor	2.50	2.33	2.49	6.91%
Average gift	\$11.69	\$11.85	\$11.70	-1.23%
Annual value/donor	\$29.22	\$27.62	\$29.16	5.60%
<b>Donors who gave January 1–December 31, current year, and who didn't give last year, but had a first gift prior to last year</b>				
Number renewing	752	697	761	9.18%
Number of gifts	1,350	1,225	1,650	34.69%
Value of gifts	\$13,500	\$15,500	\$20,500	32.26%
Average # of gifts/donor	1.80	1.76	2.17	23.37%
Average gift	\$10.00	\$12.65	\$12.42	-1.81%
Annual value/donor	\$17.95	\$22.24	\$26.94	21.14%
<b>Donors who gave their first gift between January 1 and December 31, current year</b>				
Number acquired	1,262	1,341	1,689	25.95%
Number of gifts	1,900	2,300	2,000	-13.04%
Value of gifts	\$20,500	\$26,000	\$22,800	-12.31%
Average # of gifts/donor	1.51	1.72	1.18	-30.96%
Average gift	\$10.79	\$11.30	\$11.40	0.85%
Annual value/donor	\$16.24	\$19.39	\$13.50	-30.38%
<b>Total: All Donor Types</b>				
Number giving this year	5,556	5,641	6,462	14.55%
Number of gifts	12,100	11,925	13,650	14.47%
Value of gifts	\$137,500	\$141,000	\$160,300	13.69%
Average # of gifts/donor	2.18	2.11	2.11	-0.08%
Average gift	\$11.36	\$11.82	\$11.74	-0.68%
Annual value/donor	\$24.75	\$25.00	\$24.81	-0.76%
<b>Attrition rate</b>		<b>35.15%</b>	<b>28.88%</b>	
<b>Donor Retention Rate</b>		<b>64.85%</b>	<b>71.12%</b>	

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fairly simple to construct and can be invaluable in helping you map out strategies for growing your fundraising program.

## DECISION MAKING

When choosing what needs to be presented to current donors, a fundraiser must look at the past, the present, and the future. Regarding the past, what have donors

funded in the past? What stories have garnered the most attention in a newsletter, on social media, or in a past appeal? What do donors talk about when you meet with them face-to-face? Past giving—both the amount and the interests—can indicate what might resonate best today.

But a fundraiser must also look at the present. What are the opportunities that need funding? Are the ways you have explained a need in the past (for example, in a “control” letter) still relevant? What projects or portion of projects are on hold because of a lack of funding? Is there a sense of urgency in those needs? Can you unpack them in a way that makes the need—and the potential to achieve something great by helping meet the need—resonate with your donors?

Finally, the fundraiser must look at the future. Donors want to invest their gifts in something that is sustainable. Creating a program to raise funds, only to cancel it a short time later because it is either not sustainable or not within your mission parameters, can lead to embarrassment and donors who grow discouraged and look elsewhere for a philanthropic cause.

Together, these three viewpoints combine both the heart and the head as fundraisers look at the numbers but also at the opportunities that can capture the interest of donors. Added to that, when approaching a potential major donor one-on-one, the fundraiser must also consider that individual’s particular preferences or biases. While a fundraiser never makes a decision based on anything but the highest level of ethics, he or she must weigh the needs of the donor and the needs of the organization to make smart decisions about fundraising programs and messages.

## **SMALL SHOP FUNDRAISING**

People working in fundraising for smaller nonprofit organizations or start-ups may be struggling with some of the recommendations contained in this book. When budgets are tight and your time is being stretched to do far too many things, it can seem that fundraising is an unaffordable necessity.

Yes, it costs money to raise money. Trying to raise money without investing in infrastructure and knowledge will only lead to frustration at best, abject failure at worst. A more successful approach is to say, in the words of Jerry Huntsinger, a pioneering fundraiser, “Instead of saying, ‘That stuff won’t work for me,’ they say ‘Let’s make it work for us because we don’t have any other choice!’”

The small shop fundraiser focuses his or her attention on:

- *Staying in touch with donors.* When you have fewer donors, you can have deeper relationships with more, if not all, of them. Get to know your donors as people and spend time nurturing them as friends of the organization and as supporters.

- *Asking existing donors for referrals.* Many of our friends are people with whom we have much in common. Invite your donors to share names of possible supporters. This will be most successful if you tell them how you will approach the people they refer. Will you add them to your mailing list, or mail to them one time with an invitation to give or request more information? Will you tell the prospect who it was that referred them to you? Donors are far more likely to share the names and addresses of their friends and family if they are assured it will be a positive experience for everyone.
- *Avoiding the tendency to confuse amassing names with building a donor file.* Take advantage of free (or nearly free) methodologies like social media and offering content for download, but realize that you are going to have to invest in order to build a true donor file. Judiciously decide where to invest to have the highest likelihood of acquiring donors, not just names.
- *Building strong relationships with donors.* Major gifts are critical to doing truly transformational work. If you have to make choices, err in favor of major donors. You need to be simultaneously building a base of lower-level donors who can be cultivated with the possibility that some will upgrade and be future mid-level or major donors, but never neglecting major donors in favor of mass marketing that has more limited fundraising potential.
- *Accepting that you can't do everything and you can't be everywhere.* One of the hardest things you will have to do is say “no” to an opportunity. But always remember that a fundraiser’s job is not to win awards or to be on the leading edge of every new methodology. It is to raise money to fulfill your organization’s mission, now and for the future—and that requires lasting partners and dependable support.

## **THE JOB—AND THE JOY—OF FUNDRAISING**

Fundraising in the 21st century is a wonderful blend of traditional methods that continues to deliver donors and donations, and newer techniques that were either in their infancy or not even in existence as little as a decade ago. Among many skills needed to succeed as a fundraiser, an individual has to be nimble and be constantly asking, “What is the best methodology for this particular group of donors?” The focus has to be on what is generating response from your target audience, not on what the fundraiser may find most compelling.

Added to that, the fundraiser must focus on the donor and his or her goals as a philanthropist. Traditionally, fundraisers have said, “We do this very well. Please give to enable us to do more.” Today, fundraisers have to show—telling the stories and delivering the proof that the donor’s investment in the organization

accomplished something. Donors now want to achieve something great, not simply help your organization be great. Successful fundraisers can't keep doing what they've been doing; their focus must constantly be on what donors are saying through their actions (gifts), their gift designations, and their letters, telephone calls, emails, social media posts, and any other means they are using to communicate to and about the organization.

Most important of all, today's fundraisers need to be passionate, honest, and ethical. Love what you do, and love what your organization is striving to accomplish. Yes, there will be missteps along the way, but use those to learn and improve. Fundraising is both an art and a science, a merging of creative and statistical. When will you know everything you need to know about fundraising? We believe the answer is never, because fundraising is a continually changing skillset that offers great reward to those who fully embrace it with their heads and their hearts.

Choose a job you love, and you will never have to work a day in your life.

—CONFUCIUS



## About the Authors

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**Stanley Weinstein, ACFRE, EMBA**, was president of Stanley Weinstein & Co., a firm that focused on the fundraising and strategic management needs of philanthropic organizations. With more than 45 years of experience in the nonprofit world, he has distinguished himself as a consultant, teacher, and author. He has worked with more than 300 nonprofit organizations nationwide. His campaigns have resulted in numerous major gifts ranging from \$50,000 to \$50 million. During his active career, Stanley was chosen as AFP’s “Outstanding Fundraising Professional.” Since retiring, he has been “giving back” by serving as a hospital chaplain, by visiting prisons twice a week to teach meditation, and by serving as the founding director of the nonprofit organization Best Chance, which helps people released from prison to lead rewarding and meaningful lives.

**Pamela Barden, DBA, CFRE**, is a veteran of fundraising, working both for nonprofit organizations and consulting firms. Her experience includes major gift solicitation, planned-giving marketing, direct mail, newsletters, Internet fundraising and marketing, telemarketing, television and radio acquisition, and advertising. Pamela is a Certified Fundraising Executive, winner of a Gold Award for Fundraising Excellence and a silver ECHO Award from the DMA, a distinguished instructor for UCLA Extension, an adjunct professor at the University of La Verne; advisory panel member for Rogare: The Fundraising Think Tank of the Centre for Sustainable Philanthropy at Plymouth University; a monthly contributor to Blackbaud’s npENGAGE, and a weekly columnist for NonprofitPRO. Pamela has a BA in speech communication from Wheaton College (Illinois), an MBA from Dominican University (Illinois), and a DBA (doctorate of business administration) from California Southern University.



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Stanley Weinstein

The life of a fundraiser is not a solitary experience: Friends and family are involved in a multitude of ways—stuffing envelopes, attending events, reviewing ideas, listening to rants, and offering encouragement when the fundraiser is ready to give it up and join the circus.

My deepest gratitude goes first to my husband, Gary. Despite his own work, Gary has often done double duty at home when I was too busy or too stressed to think about anything except the next fundraising challenge. He has stood by me through my job changes (including moving with me across the country to experience fundraising from a new perspective), when I decided to start my own consulting business, when I committed to fulfilling my dream of earning my doctorate, and when I approached Stanley about writing a fourth edition to this book.

My daughter, Amanda Rush, grew up hearing more dinner-table conversations about fundraising and nonprofit management than anyone deserved. She is now a colleague and a friend, and I greatly value that.

I am grateful that Stanley Weinstein took my email seriously when I wrote him and asked if I could coauthor a new edition of his book. At that time, I had taught at least 20 classes using the third edition of *The Complete Guide to Fundraising Management*, and my search for a substitute textbook that was more up to date but equally useful to students and fundraising practitioners had been fruitless.

Many people have shaped my fundraising career, and to name any is to leave others out. I value each of you. However, I want to specifically thank Tim Kersten (who wrote the foreword to this edition), from whom I learned so much about donor-focused fundraising and copywriting; Mark and Phillip, two clients who make me proud to be a fundraiser; and my students, who challenge me, force me to stay current on fundraising and nonprofit trends and best practices, and tolerate my war stories and even chuckle at the right times.

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Pamela Barden

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