Association of Fundraising Professionals

2010 WEBCONFERENCES

Educating Fundraisers in the 21st Century

How to Identify and Talk with Major Donors

Presented by:

Timothy D. Logan, ACFRE
and Phil Schumacher, ACFRE

February 9, 2011

1:00 – 2:30 p.m. Eastern
Noon – 1:30 p.m. Central
11:00 a.m. – 12:30 p.m. Mountain
10:00 –11:30 a.m. Pacific
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The Association of Fundraising Professionals
WEB/AUDIOCONFERENCE 2011
February 9, 2011
Timothy D. Logan, ACFRE and Phil Schumacher, ACFRE

How to Identify and Talk with Major Donors

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Timothy D. Logan, ACFRE

Timothy D. Logan, ACFRE is Vice President and Senior Consultant of Planned Giving Services and Nonprofit Healthcare Services for RuffaloCODY. Tim has worked in both the for-profit and nonprofit sectors and has over 29 years' experience in fund raising, nonprofit management and direct response marketing. In addition to holding the ACFRE credential, he holds a Masters of Nonprofit Management (MNO) degree. Tim's background in the nonprofit sector includes 17 years' experience at the local and national levels. Tim has been a local Executive Director for the Muscular Dystrophy Association, in Harrisburg, PA and for the Leukemia Society of America in Cleveland, OH. Nationally, he was a fund raising consultant for American Diabetes Association and the American Heart Association. He has served as Director of Development Services with Epilepsy Foundation was Director of Individual Giving at USO World Headquarters, and most recently served as the Senior Director of Development for the National Osteoporosis Foundation. His 14 years of Planned Giving experience includes working with advisors, developing donor relationships, and designing effective planned gift marketing and communication strategies. Tim has also spent 12 years as a direct response fund raising consultant. In addition to managing multi-million dollar direct response programs, he has been a leader in developing innovative direct response programs targeted to major and planned giving donors. Tim is past president of the Mandel Center Alumni Association at Case Western Reserve University. He is a past board member of AFP, Greater DC chapter, and a past member of the AFP National Professional Education committee. Tim is a member of the National Capital Gift Planning Council in Washington, DC. He is active in the Direct Marketing Association Nonprofit Council. An AFP certified instructor, he is a seasoned lecturer and author on fundraising and nonprofit management.

Phil Schumacher, ACFRE

Phil Schumacher, ACFRE currently serves as executive director of Gundersen Lutheran Medical Foundation. The Foundation is located in La Crosse, Wisconsin and is responsible for the medical and health education, clinical and basic research and community outreach of Gundersen Lutheran Medical Center. The Medical Center employs more than 6,000 individuals and has a medical and associate staff of more than 650. The Foundation is in the quiet phase of a comprehensive campaign. Phil has served as executive director since 1993.

Schumacher is active with the Association of Fundraising Professionals (AFP). He served two terms on the board of this international society and is the past Vice Chair of Member Services and Treasurer of the Association. He currently is a member of the board of CFRE International. Phil is a past member of the graduate faculty of Saint Mary's University of Minnesota, where he taught in the Philanthropy and Development masters program. He has been in the field for over 25 years and has worked with a variety of non-profit organizations.

AFP Web/Audioconference
February 9, 2011

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Executive Director
GUNDERSEN LUTHERAN MEDICAL FOUNDATION
&
TIMOTHY D. LOGAN, ACFRE
VICE PRESIDENT, PLANNED GIVING SERVICES
RUFFALOCODY

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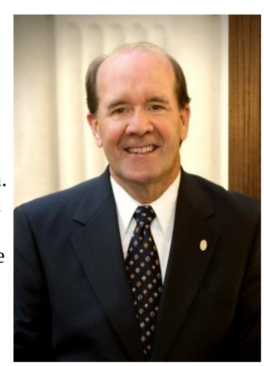

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Session Objectives

- How to use wealth rating and other data techniques to identify Major Donor prospects;
- Learn techniques to determine which Major Donor prospects you should reach out to;
- How to talk to Major Donor prospects;
- Tips for getting an appointment;
- How to manage the Major Donor process;
- How to set benchmarks

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Using Enhanced Data

Wealth Information

PG Scoring Models

Analyzing Annual Giving Behavior—File Analyses

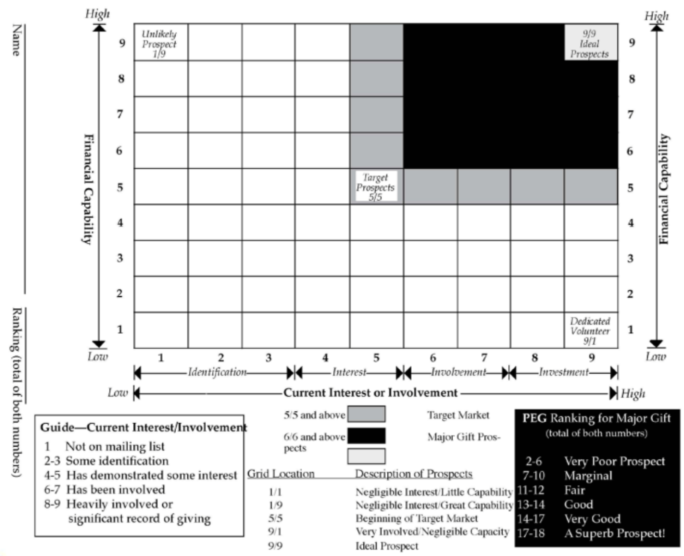
- Measures of Affinity
  - Loyalty, Passion,
  - If it's about building a relationship, how do we measure the strength of that relationship?
- Measures of Ability
  - Wealth, Assets
- Need to look at total donor relationship

The Biggest Predictor…

- Planned Giving
  - Frequency of AF Giving is the single largest predictor of Planned Gifts
- Major Gifts
  - Annual gift size is the single largest predictor of future large gifts

Donor Rating Scores

- Point System
- Pyramid
- Passion Index



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Segmentation for Gifts

- Age based gifts
  - Bequest, CGA, Retirement assets
- Wealth based gifts
  - Trust, DAF, Stock, Outright

At What Age, Wealth?

TABLE 4.1. CONTINUOUS LIFETIME GIVING PROGRAM—BROAD OUTLINE.

	Age of Prospects										
Type of Giving	20–25	25–30	30–35	35–40	40–45	45–50	50–55	55–60	60–65	65–70	70+
Annual gifts											
less than $1,000	X	X	X	X	X	X	X	X	X	X	X
$1,000–4,999			X	X	X	X	X	X	X	X	X
$5,000–24,999					X	X	X	X	X	X	X
$25,000+							X	X	X	X	X
Special gifts Programs, events (for example, reunions)			X		X			X		X	
Major and planned gifts						X	X	X	X	X	X
Wills and bequests								X	X	X	X
Capital gifts							X	X	X	X	X

Dove, et al. 2002.

Age Based Gifts

- Well…..Age (55 to 80)
- Recency of giving (24 months)
- Frequency of giving
- Average gift is NOT important

Gifts of Wealth

- Length of time on the file (LOTOF)
- Largest one-time gift (LOTG)
- Total cumulative giving
- Wealth rating indicator
- Prospect research

Wealth Rating Scores

- Capacity Score
- Propensity Score
- Gift Level

Selecting the Right Major Donor Prospects

Techniques for success

Use of Wealth Rating Scores

- To determine which donors to include
  - Daily screening
  - Batch screening

Use of Wealth Rating Scores

- Determine donor ask level
  - "The Formula"

Use the Phone to Qualify

- It is only through the phone that you can ultimately determine if the donor is qualified and motivated to consider a major gift.
  - Do they have philanthropic intent
  - Do they consider you important in the community
  - Do they find your case important
  - Do they have passion for making a gift to you
  - Are they ready now?

QUESTIONS?

Sources

- Hank Rosso / Eugene Temple
  - Achieving Excellence in Fund Raising
    - Chapter 17 (Lilya Wagner), *Trends in Major Donor Behavior and Innovative Approaches to Philanthropy*
- Kent Dove
  - Conducting a Successful Fundraising Program
    - Chapter 10, *Indentifying, Researching, and Rating Individuals as Major Gift Prospects*
    - Chapter 11, *Cultivating & Soliciting Major Gift Prospects*
- Philanthropy Leadership Council of the Advisory Board Company
- E. H. Mallabone & J. A. Myers

Overarching Comments

- We need to revere our prospects. They are likely not only the major contributors to your organization but to other organizations as well. Not showing deference for their goodwill might have negative results for many organizations.

What Is a Major Gift

- *Major gifts are defined as the top 10 to 20 percent of gifts received by an organization that account for 70 to 80 percent or more of its gift income.*

Kent Dove

Conducting a Successful Fundraising Program

Trends in Major Gift Donors

- Traditional Major Gift Philanthropist
  - Religious
  - Self-Made
  - Tradition of giving
  - Believe in people
  - Desire to help
  - Community centered
  - Similar values with your organization

Trends in Major Gift Donors

- Venture Philanthropist
  - Brings principles from business practice
  - Believes that best investments requires more than money:
    - Collaboration
    - Social Impact
    - Outcomes are very important
  - Not interested in writing a check and walking away but may not respond to invitations to serve on a community board.

From a $400,000,000 donor. . .

I am an investor, that is what I do. So it is my nature to evaluate return on investment in everything I do. With philanthropy it is no different.

T. Denny Sanford

Trends in Major Gift Donors

- Other trends to consider –
  - The market is global - have you considered who and how you might solicit from another country.
  - Women; they are ever increasing their share of the world's wealth, they are more likely to volunteer, they live longer, etc.
  - People of color want to be involved in addressing needs of their communities.

Tips for getting an appointment

- Determine who is the best person to make the contact with the individual.
- Have potential dates and times in hand.
- State what you want and how much time you need. Keep it simple.
- Be prepared for a deflection.
- Be positive, enthusiastic & grateful.

Pre-Visit Planning Session

- Take time to review your donor's file and information on the prospect
  - Values
  - Life Circumstances
  - Donor's Past Intentions or Interests
  - Financial Resources
- Determine what roles the participants are going to play

Pre-Visit Planning Session

- Divide the time for the visit into segments
- Discuss in specifics how you are going to transition through the segements.
- Know when you are going to move to the ask, what you are asking for, and who will request the gift.

How to Manage the Visit

- Have a plan
  - Be flexible but be diligent
  - Be prepared for different scenarios
- Provide time for setting the table
  - Discuss issues of relevance – family, job/business, background – listen/observe
  - Avoid irrelevant topics – have relevant materials to provide context

How to Manage the Visit

- "Pack a few stories" to set the stage
  - Stories can briefly and effectively position the "ask" (NB: don't let the story dominate)
- Within limits (not too broad) ask if the donor has questions about the project
- Have a specific scenario and language set for the "ask"

How to Manage the Process

- Setting the Table, cont.
  - Make sure you have time to make the ask
    - Asking involves:
      - confirming that the Case for Support is understood.
      - making sure that relevant questions are answered.
      - calmly stating what you would like from the donor, for what purpose, and in what time period.
      - then waiting for his/her response without interruption.
      - confirming the response and discussing next steps.
      - regardless of outcome saying a sincere thank you.

The “Ask”

- Based upon your pre-meeting planning you should have determined how you were going to move to the ask.
- When the stage is set, distinctly and clearly say what the gift will accomplish and the amount you are requesting.
- AND, then be still allowing the donor to speak next.

The “Ask”

- If the donor says, “Yes.”
  - Say Thank You and restate the impact of the gift upon your organization
  - Confirm the amount of the gift.
  - If appropriate discuss any arrangements for documenting the commitment and payments.
  - Confirm the next steps and recognition

The "Ask"

- If the donor says, "No."
  - Say, "Thank You"
  - Remain positive
    - Depending on the circumstance, you may ask if there is interest in participating at another level,
    - You may simply ask if there is another area of interest, or
    - You may simply ask if you could follow-up in a week or two.

After the "Ask"

- You need to complete a contact report.
  - Include objective comments and observations from the meeting
  - Review the process and outcome of the meeting
  - Establish next steps with the donor
- Write a note and thank the person for the visit and for their consideration.

Establishing Benchmarks

- Factors to Consider
  - Size of staff and number of constituents
  - Ability of staff to focus only on major gifts
  - Organizational data base and support staff
  - Staff members' tenure and expertise
  - Organization's volunteer and leadership structure

Establishing Benchmarks

- Based on preceding information set reasonable expectations with regard to:
  - Number of prospects in a portfolio
  - Number of contacts per prospect
  - Number of visits per prospect
  - Anticipated number of gifts, and
  - "If there is not call report, the call did not take place!"

Concluding Comments

- Remember as a professional fundraiser:
  - Be discreet and confidential with the information that is shared.
  - Behave ethically and abide by your professional standards.
  - Treat the donor the way that you would like to be treated.
  - Help donors make meaningful & thoughtful gifts that benefit the community.

Questions?

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Coming Next….

February 16, 2011
1:00 – 2:30 p.m. ET

Planning to Keep Your Donors

JOHN ELLIOTT JOSLIN, CFRE
SENIOR CONSULTANT
TALISMA FUNDRAISING

ADRIAN SARGEANT, PH.D.
ROBERT F. HARTSOOK PROFESSOR OF FUNDRAISING
THE CENTER ON PHILANTHROPY
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Full participation in this session is applicable for 1.5 points in Category 1.B – Education of the CFRE International application for initial certification and/or recertification.

Signed____

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Association of Fundraising Professionals

February 9, 2011
How to Identify and Talk with Major Donors

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2. Content	☐	☐	☐	☐	☐	☐	☐
3. Handouts	☐	☐	☐	☐	☐	☐	☐
4. Audio quality	☐	☐	☐	☐	☐	☐	☐
5. Ease of registration	☐	☐	☐	☐	☐	☐	☐
6. Similarity of actual program versus advertised content	☐	☐	☐	☐	☐	☐	☐
7. Value	☐	☐	☐	☐	☐	☐	☐

Presenter: Overall Effectiveness

8. Timothy D. Logan, ACFRE and Phil Schumacher, ACFRE	☐	☐	☐	☐	☐	☐	☐

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Educating Fundraisers in the 21st Century

- **JANUARY 26, 2011, WEDNESDAY**

Legacy Giving Building Blocks – a Simple Approach toAttracting Long-term Support
Caleb Rick , JD & Greg LaSonde, CFRE

- **FEBRUARY 9, 2011, WEDNESDAY**

How to Identify and Talk with Major Donors
Timothy Logan, ACFRE & Phil Schumacher, ACFRE

- **FEBRUARY 16, 2011, WEDNESDAY**

Planning to Keep Your Donors
John Joslin, CFRE & Adrian Sargeant

- **FEBRUARY 24, 2011, THURSDAY**

It's Not About You, It's About Them: the New Imperative in Corporate Fundraising
Jason Saul, Author

- **MARCH 2, 2011, WEDNESDAY**

The Secrets of Consultants
Penelope Cagney, CFRE

- **MARCH 24, 2011, THURSDAY**

Seriously Good innovation… in Practice!
Jon Duschinsky

- **APRIL 7, 2011, THURSDAY**

Strengthening Foundation Relationships
John Greenhoe, CFRE

- **APRIL 20, 2011, WEDNESDAY**

Social Networking and Online Fundraising Success
Ted Hart, ACFRE

- **MAY 4, 2011, THURSDAY**

Managing Prospect Relationships and Fundraising Activity in a Campaign
Elizabeth Crabtree, Director of Prospect Development at Brown University
Sponsor: The Association of Prospect Researchers for Advancement (APRA)

- **MAY 19, 2011, THURSDAY**

Developing a Planned Giving Marketing Plan
Timothy Logan, ACFRE

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- **JUNE 1, 2011, WEDNESDAY**

Campaign Reporting
Elizabeth Crabtree, Director of Prospect Development at Brown University
Sponsor: The Association of Prospect Researchers for Advancement (APRA)

- **JUNE 21, 2011, TUESDAY *3:00 PM EASTERN***

How to Raise More by Selling your Impact
Jason Saul, Author

- **JULY 13, 2011, WEDNESDAY**

Nonprofit Internet Management Strategies, Tools and Trade Secrets
Ted Hart, ACFRE

- **JULY 26, 2011, TUESDAY**

Building Relationships that Pay Off
John Hicks, CFRE

- **AUGUST 24, 2011, WEDNESDAY**

Raising More Money From Your Business Community
Linda Lysakowski, ACFRE

- **SEPTEMBER 15, 2011, THURSDAY**

Face-to-Face Basics: Integrating Individuals into Your Development Plan
Amy Eisenstein, CFRE

- **SEPTEMBER 28, 2011, WEDNESDAY**

When Raising Money 10 Legal Matters to Avoid
Marty Martin, JD, MPA

- **OCTOBER 4, 2011, TUESDAY**

Structuring Your Development Office for Success
Monique Hanson, Sally McMillan

- **OCTOBER 27, 2011, THURSDAY**

From Boomers to Echo Boomers: Giving Across the Generations
June Bradham, CFRE, Rachel Hutchisson & Tucker Branham, CFRE

- **NOVEMBER 1, 2011, TUESDAY**

Donor Centered Planned Gift Marketing
Michael J. Rosen, CFRE

- **NOVEMBER 17, 2011, THURSDAY**

Digital Mobilization on Giving
Marcelo Iniarra

- **DECEMBER 6, 2011, TUESDAY**

Secrets of Success in the Small Shop
Sandy Rees, CFRE

- **DECEMBER 14, 2011, WEDNESDAY**

TBD

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❑ **September 15, 2011** Amy Eisenstein, **Face-to-Face Basics: Integrating Individuals into Your Development Plan**
❑ **September 28, 2011** Marty Martin, **When Raising Money 10 Legal Matters to Avoid**
❑ **October 4, 2011** Monique Hanson, Sally Mimillan, **Structuring Your Development Office for Success**
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❑ **November 17, 2011** Marcelo Iniarra, **Digital Mobilization on Giving**
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❑ **December 14, 2011** **TBD**

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