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Fund Raising MANAGEMENT

Recognizing And Building Your Organization's Major Gift Potential

By Mark Walker

A growing number of not-for-profit leaders realize they're not going to receive the rates of return that they used to in direct mail due to increased production costs. They're looking toward existing donors that have been committed to the organization for many years and have the potential to increase their giving if they are treated properly and feel they're real partners.

Fifteen years ago, a 5:1 rate on return was considered average for direct mail. Today the rate can vary from 3:1 to 5:1, but increased mailing costs won't allow organizations to mail as deeply into their file. So, even though an organization might maintain a reasonable rate of return, they end up generating less income.

Major gift rates of return, on the other hand, vary from 5:1 to 15:1 for more mature programs. This doesn't include their lifetime or "long term value," which can be maximized through a planned giving program. Relatively small donors who have been properly taken care of over 20- to 30-years and who have included the organization in their will easily can produce a six to seven figure gift.

For the past 15 years, I've worked with four international organizations that had national level constituencies. I also have reviewed recent interviews with development directors from World Vision, Christian Children's Fund, International Students, Project Concern International and Opportunities International and have observed some trends in developing more effective major gift programs.

I'd like to suggest several basic principles and trends that can determine the most effective major gift program for any organization:

Every donor base is different and must be analyzed for potential income growth and how to maximize that potential income.

The donors' needs, not the organizations,' must be the focus of attention.

Build a "team-based, moves management" approach so several individuals, including the CEO, program staff, and the fund-raising staff interact with major donors.

Promote a monitoring and evaluation system that "shares credit" of a major donor among several staff and departments while still maintaining individual staff accountability.

Most organizations' field representatives are responsible for 75-200 donors with average gift size ranging from $1000-$3000. The former VP for Development at World Vision, Cary Paine indicated that their major donor "caseload" includes 10-15% of churches and foundations, as well as individuals. He also stated that on average, "the higher the potential gift size the smaller the number of donors a representative or CEO should have." Including individual, foundation and church donors maximizes the use of personnel and resources, especially when your constituency is spread over a large geographic area.

The level of donor contact varies. Most groups send out at least 12 mailings per year to major donors — usually information pieces. International Student representatives must make 12 "touches" per year, including e-mail, phone contact, and visits. Mercy Corps representatives personally send out three mailings each month and their donors receive direct mail only if authorized by the representative.

One fascinating phenomenon I've encountered time and time again is when a donor reaches the "major donor" level and then is dealt with by a different department or staff. When this occurs, the fund-raising staff totally changes the way they deal with the donor. They want to eliminate all direct mail pieces—even though this has been the agency's primary method of communicating with the donor —and begin "visiting" the donor even though s/he has no idea about this elevated status. Additional personal contact and requests for visits often immediately raise a "red flag" with these donors who consider such visits a poor use of resources on one hand and a threat on the other because they're convinced the representative is only interested in asking for money.

In these cases, the donor's interests, giving potential and giving patterns must be considered when considering the appropriate "mix" of contact including visits, appeal letters, and submitting a formal proposal. Certainly, a clear request for support or "ask" should be the goal, although direct mail appeals might still be included in the mix, especially when a donor prefers to give multiple gifts during the year.

In regards to "tracking" the results of major gift income, several groups like Mercy Corps don't worry about distinguishing income between the representative and the marketing department because their direct mail is done in-house. As such, the "productivity" of direct mail isn't in competition with major donors. Also, all their mail is generated directly by the representative, so the donor only receives a few informational pieces from the marketing department.

At Food for the Hungry, the first gift is credited to the motivation code or gifting vehicle that generated the gift, such as direct mail, planned giving or the Internet. Every gift thereafter is credited to major donors as long as they're placed on their list of donors. Food for the Hungry can track both the income generated by each motivation code/gift vehicle, the department that is responsible for that type of donor, and the staff person responsible for the donor. I preferred this approach since I could involve the CEO and field staff and could send several types of appeals based on each donors' interests and potential without worrying about being credited with the final gift.

Other issues to consider include:

The CEO should always be part of the "team" responsible for nurturing and cultivation relationships with the key donors. This role might be as simple as sending a note of thanks to recognize a generous gift or to invite a donor to the "President's Council" and accompany him on a special site visit. Most donors are sophisticated enough to expect some interaction from the organization's key leadership if they're to consider a really major gift.

• The physical distance between donors varies greatly from organization to organization and can determine what is realistic in terms of personal visits. Groups like MAP International have donors all over the country, with often only a few major donors per state that live far apart. This limits the realistic level of personal contact and makes individual production goals by field representatives especially important.

• The maturity of a program (the number of years it has existed) impacts the type and results of a major gift program. Less sophisticated programs, like at Project Concern, don't have individual production goals. Their two representatives and CEO have a "bottom line" goal. One organization I joined only received $40,000 from major donors in the western region. Most donors had never been visited and were suspicious of my motives of personal contact. They had never been asked about their giving interests and motivations, nor were they asked for a gift in person.

• Major donors should be exposed to all aspects of the organization and allowed to pick and chose their level and type of involvement. This means that the CEO and representatives should visit the donor to begin developing a personal relationship, including discovering their personal needs and interests. The donor should be aware of cash gift opportunities, gifts in kind, estate gifts, program visits, overseas trips and special donor events. Let them chose their level of involvement without concern for who gets "credit." Cary Paine of World Vision told me that his staff considered the concept of credit a "four letter word" since it's inconsistent with their Christian values and breaks down the desired "team" approach to fund raising.

• Each region is different. Some regions are less developed and have fewer good donors. Staff longevity and the level of relationships with donors also are factors. When I first joined one organization, I was forced to cancel my initial two visits to Texas due to the donors' lack of interest in a visit or their concerned that I'd ask for money.

• The quality and frequency of personal contact varies depending on donor accessibility, giving potential, experience and willingness for personal contact, and overall giving potential. An appropriate level of direct mail and special reports is effective with some donors, especially those who have unlisted phone numbers or use a POB address.

• Planned giving is a key tool when dealing with major donors and its proper use will produce the large "once in a life-time gifts," which is a major objective of any viable major gift program and differentiates it from a direct marketing approach.

Where Does Your Organization Start?

The first step is to analyze your database to determine the number of potential major donors, the number of donors who have given consistently over the years, and the level and quality of personal contact they've had.

The CEO must play a central role in getting to know donors and involving them in a meaningful way. When appropriate, the CEO should make the "ask" for the largest, most strategic major gifts.

The number of major donors your representatives will be responsible for varies by the location of the donors in relation to one another and size of the potential gifts.

The level of personal contact from the CEO and representatives should be focused on the top 10-20% of donors who will generate most of the major gift income. These donors should be asked to give in person.

The remainder of the "caseload" should have a personalized mailing program with an end of the year proposal and follow-up call to discuss their questions or concerns.

The top donors should be offered estate planning options to maximize their giving and effectivity as philanthropists.

Donors should be offered as many involvement opportunities as possible, including volunteering, personal contact, program visits, participation in advisory councils, and invitations to special events.

The major donor "caseload" should include a mix of individuals, foundations, churches and corporations to maximize networking, "image" building opportunities and fund raising personnel.

Field representatives should visit "elder" estate-planning donors even if their immediate "cash" production is low in order to focus on their "long term value."

Income should be tracked in two ways: First by the department responsible for developing the fund-raising approach/strategy, such as major gifts, foundations, planned giving, capital campaign and direct mail. In this case, income would be tracked and reported by the mailing code/vehicle it comes in. Second, the staff person responsible for a specific donor should be given credit for all resources s/he provides no matter what form: cash, gift in kind, stock gift, or through a corporation/foundation. All income generated from a major donor is credited to the representative responsible for overseeing the relationship. Of course, these reports must be produced separately to avoid "double counting" income.

The bottom line is that the focus must be on what's most appropriate for the donor in regards to the things we send, the opportunities we offer for involvement, and personal contact with the CEO and representative. In order to promote a "team-based approach" to working with major donors, representatives should be encouraged to expose donors to as many activities and opportunities as possible for involvement.

Once the personal relationship and level of involvement has been increased, so will donors' willingness to share their time, money and, eventually, their "once in a lifetime gift," which is saved only for the organizations that have meant the most to them over the years.

Developing a major gift program allows organizations to maximize their most important resource — their donors. Such a program also allows them to maximize their fund-raising resources and increase their cost ratio far beyond existing levels. ❑

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