Fundraising 101 – Developing a Plan

National Coalition for Homeless Veterans

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May 31, 2019
Washington D.C.
Agenda

8:30 – 9:10am  Relationship Fundraising with Evidence-Based Data

9:10 – 9:15am  Break

9:15 am – 9:45 am  Creating a Comprehensive Fund Development Plan
2017 contributions: $410.02 billion by source
(in billions of dollars – all figures are rounded)

- Corporations: $20.77 (5%)
- Bequests: $35.70 (9%)
- Foundations: $66.90 (16%)
- Individuals: $286.65 (70%)
2017 contributions: $410.02 billion by type of recipient organization
(in billions of dollars – all figures are rounded)
Total giving, 1977–2017
(in billions of dollars)
Know Your Organization

1. What is your organization’s mission?
2. Who benefits from the work of your organization?
3. What makes you different from other organizations?
4. What do people say about your work?
5. How would you document the need for your work?
6. Rational for what you do?
7. How old is your organization?
8. What are our main accomplishments of the last several years?
A development program MUST have tools and strategies to address these five steps in the fundraising process. Whether asking for a $1,000 or $1 million gift, these steps are always the same. It is the strategies inside each step that may be unique to each organization.
Identification

**WHO CARES?**

- Community members
- Colleagues
- Past board members
- Friends and family
- Neighbors
- Past supporters
- ___________

**EXACTLY WHAT CAN I DO?**

Make a list
Qualification

**WHAT KIND OF GIFT COULD THEY GIVE?**

- Research
- Interests
- Family
- Anecdotes
- _____________

**EXACTLY WHAT CAN I DO?**

- Google
- Explore programs and donor walls
- Listen
- Think creatively about gift
- ________________
Cultivation

WHY WOULD THEY WANT TO BE INVOLVED?

• Listen
• Who is the best person?
• Develop unique strategy
• Deepen the relationship

EXACTLY WHAT CAN I DO?

• Pick up the phone
• Send an email
• Invite to __________ (coffee, tour, event, program)
• Be honest
• Determine next step after each step
• Follow a plan
The Key Principle of Why People Give Major Gifts

It is essential that we understand their motivations, not just our own.

It is never about needs; it is always about vision and opportunity.

We give the “gift” of opportunity.
What research shows about donor motivation and why people give
1. **They are asked to make a gift**
   - Few initiate a significant gift
   - Our asking bill of “rights:” the right person, cause, amount, timing

2. **Spiritual need or love of humankind**
   - Common and strong values that matter drive motivation
   - “Lifts” conversation to higher level
   - Gives gift extraordinary significance/linkage

3. **Personal gratitude**
   - “I understand”
   - “I have been there”
   - Finding common ground between donor experience and recipient(s) need
4. Peer expectation
   • Opinions of important “others” matter
   • How we see ourselves and how others see us; both important

5. Perpetuation of ideals, values and goals
   • Leaving a legacy
   • Embodying personal values through giving
   • Declaring what I stand for
   • Ensuring things that matter to me will last

6. Pride in personal achievement
   • Taking ownership for results
   • Connecting them to outcomes
   • Giving that achieves transformation

Research Shows
Research Shows

7. Ways of giving are explained
   • Don’t assume people know how to give
   • Writing checks rarely gets you the largest gifts
   • Most are asset “rich” and cash “poor”

8. Join in to assure goals are met
   • Goals and deadlines trigger action
   • Everybody wants to win and be successful

9. Fear factor
   • Some give to avoid disaster, crisis
   • Rarely sustainable
   • Never the stimulus for true generosity
Solicitation

PICK THE RIGHT TIME AND PLACE

• Strategize
• Develop a plan
• Practice, practice again
• Ask to consider a gift
• Follow up

EXACTLY WHAT CAN I DO?

• Learn skills
• Practice, practice
Solicitation

• Everyone is a prospect.
• People give money to organizations because they are asked.
• Get out of the office.
• Have fun, get to know people, listen and enrich your life.
The Solicitation Meeting Outline of a Script

Opening of Meeting: Be yourself. Remember why you are asking for help.

Share your Story: Those who ask must have first given themselves.

Donor’s Questions: Know your donor’s questions, if any.

Proposal: Have the proposal in writing.

Ask: Within the first ten minutes of the meeting, ask for the gift.

Stop Talking: Let the donor respond.
Your Five-Step Checklist

• Schedule cultivation meeting: A tour of the organization, meeting in home or office or another option.

• During cultivation meeting, be sure to share the case statement and consider including somebody who has benefited from their association with the organization.

• Request proposal from the organization’s office.

• Solicit gift in person. Have proposal ready but do not share it until after gift has been solicited. If prospect says no, do not share proposal; instead, gain information and share revised request.

• After you receive verbal commitment – whether in solicitation meeting or through subsequent follow up – ask the organization’s campaign office to send pledge acknowledgment letter and letter of intent.
Asking for the Gift

“Janice, with your help the Museum will continue honoring and remembering this important historical event and be better positioned to expand into the future.

We are here today to ask your consideration of a gift to the Museum of $5,000 a year for five years for a total gift of $25,000.”

Donor’s Response?

“Yes”  “No”  “Maybe”
Responding to “No” or “Maybe”

“We do not expect a final answer today. We are here to ask your consideration of a gift and to answer your questions. We need your help.”

- Most solicitations fail because organizations do not follow up with the donor.
- Follow up on the solicitation no sooner than three days and no later than seven days.
- It is not the donor’s responsibility to get back in touch with you; it is your responsibility to follow up with the donor.
Best Practices for Fundraising

- Always remember to ask for a stretch gift
- Ask for a specific amount over multiple years to maximize the gift’s impact
- Carefully consider what application of and recognition of the gift will mean the most to the donor
- Consider soliciting a Living Endowment gift
- Don’t forget regular giving
Appreciation

BE SURE TO:
• Show the impact
• Make sure it feels good
• Give credit
• Develop individual strategies
• Celebrate

EXACTLY WHAT CAN I DO?
• Say thank you
• Pick up the phone
• Write a note
• Show impact
• _____________
Questions?

Comments?

Discussion?
Break
Comprehensive Fund Development Plan
What is a Comprehensive Fund Development Plan?

A strategic plan for growing philanthropy that:

- Is researched and grounded
- Coordinates activities
- Provides a timeline, calendar, and evaluation measures
Why Have a Plan?

- Evaluation
  - Examination of Practices
  - Professional Review
- Staff and Board Guidance
- Responsible Stewardship
- Good Business
- Grow Philanthropy
We will cover:

- Fundraising Audit
- Fundraising Environment
- Developing the Plan
- Evaluation and Reporting
External Review

- Viable Prospects
- Number of Donors
- Total Money Raised
- Perceptions
Internal and External Review

- Leadership
- Staff
- Board
- Policies
Fundraising Environment

There is no shortage of “good causes”:

More than 1.5 million nonprofit organizations in USA

*According to The National Center for Charitable Statistics*
Developing the Plan

- Strategic Plan
- Case for Support
- Solicitations
- Goals
- Stewardship and Appreciation
- Solicitation Timeline
The Strategic Plan should:

• Help drive your case for support

• Answer the question:
  “If we had all of the money in the world for this organization, we would...”

• Demonstrate that your foundation will be around for a long time
Case for Support

Your Case for Support should:

• Demonstrate need
• Be clear and concise
• Share stories of the impact of giving
Your Solicitation Plan may include:

- Direct Mail Appeals
- Electronic Appeals
- Telephone Appeals
- One-on-One Appeals
- Events
Identifying Measureable Goals

Measureable goals may include:

- Restricted Funds
- Unrestricted Funds
- Specific Total Money Raised
- Specific Number of Donors
Realistic Goal Setting may include:

**Strategic Plan**
What do you need and where are you going?

**Benchmark Data**
What is the external baseline for success?
Your Stewardship and Appreciation Plan may include:

- Recognition Levels
- Giving Clubs
- Special Events
- Process for Appreciation Gifts
Your Solicitation Timeline should consider:

- Best Quarter Giving
- Time of Year
- Energy Around Organization’s Events
Evaluation methods should be measureable.

Such as:

- Money Raised
- Total Donors
- Donors Acquired
- Loyalty of Donors
Fundraising Reports

Reports you may use:

- Weekly/Monthly Comparison (total dollars and comparisons)
- Weekly/Monthly Comparison (donor counts and comparisons)
- Fundraising Status Report
- Priority Prospect Report
- Asks on the Table Report
- Not Yet Report
Questions?

Comments?

Discussion?

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Thank you.

GROWING PHILANTHROPY WORLDWIDE

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Additional information
Major Donor Cultivation: Steps to Success

- The next step is to list opportunities for cultivation of your key donors.
- Examine your charity's current donor acknowledgment program. Are key contributors invited to visit and celebrate with your organization at least once a year?
- Are they recognized in print? (With their permission)
- Do you send them appropriate gifts or premiums in gratitude of their support (and do they appreciate this spending of the very money they gave you?)?
Major Donor Cultivation: Steps to Success

• Review this list with your chief executive officer, and invite him/her to accept responsibility for some of the names on the list. Some major donors should be the "property" of the CEO, but make sure that he or she is plugged into your new cultivation plan.

• If you have a computer database, it is a simple matter to enter their names and divide them up into manageable increments for contact. Just determine how much time you have for major donor meetings each week/month/quarter. Then assign that number of donors to be seen.
Major Donor Cultivation: Steps to Success

• This periodic contact program becomes the perfect ice breaker for the development director new to the job. The reason for the first series of contacts can be to simply introduce yourself and to ask advice from your major donors. People love to give advice and they will appreciate your gesture.

• Schedule time on your calendar to conduct a quick review of your contact system after special events to which major donors are invited. You may choose to reschedule contact with those who attended, and to re-prioritize contact with those who did not.
Major Donor Cultivation: Steps to Success

• Make it a point to contact those donors who live out of town. If your budget permits, offer to go see them at least annually. The gesture will be appreciated even by those who graciously decline your offer to meet. But try to get to them and keep them informed of what you are doing as the result of their generosity.

• Birthday and holiday greeting cards are an inexpensive alternative. A periodic letter reporting on happenings at your organization - a personalized semiannual or quarterly report - can be very effective and affordable.
Major Donor Cultivation: Steps to Success

• At some point the number of donors to contact will outgrow your own time availability. That is your cue to add a cadre of dependable volunteers to the plan.

• Recruit several key individuals who are willing to help you make major donor contacts. Start with members of your board, especially the development committee.

• Draft a one-page list of duties and expectations - a job description - for volunteers in your major donor cultivation program. Explain in detail what is expected when contacts are made.
Major Donor Cultivation: Steps to Success

- Allow each volunteer to choose whether he or she wants to participate in solicitation efforts or to draw the line at cultivation and education; either can be valuable to you. And don't be disappointed if only two or three accept the job.

- You will have doubled or tripled your contact capability, you will have recruited committed individuals who you will be able to manage effectively, and your success with them will eventually encourage others to volunteer.
Major Donor Cultivation: Steps to Success

- You can ease into this expansion via a regular schedule as well. At each meeting of your development committee, or of the full board, present the names of several major donors who are due their periodic cultivation contact.

- Invite those present to volunteer to accept the assignment to make this personal contact. Have each volunteer identify those major donors to be added to his or her personal contact list, and add this new information to your contact database. This will enable you to maintain control of who is being contacted, when, by whom, and for what purpose. Manage your volunteers via the same system you use for your major donors.
Major Donor Cultivation: Steps to Success

• You can make even this simple effort non-threatening to those who volunteer

• Schedule a periodic (quarterly or semi-annual) open house to which your volunteers can invite their chosen prospects. This event can take place at your organization or in the home of a volunteer host. Take advantage of the dynamics of group gatherings.
Major Donor Cultivation: Steps to Success

• Should your volunteer leadership not be immediately ready to participate in even this activity, and if your own schedule is prohibitive, you can start simply by making an annual contact with each current major donor.

• Make telephone calls or conduct a note-writing party, using appropriate volunteers to express their gratitude to those whose generosity makes your work possible. The reason for this annual contact is simply to say thank you to your most important donors, and to invite them to express their questions or concerns. Volunteers turn their notes over to you and you follow up as appropriate. And that means more meaningful contact with your major donors.
Major Donor Cultivation: Steps to Success

- Eventually two things should begin to happen. As you become more efficient at recruiting volunteers, and managing your cultivation and contact calendar, you will find time to add a second tier of donors to your list.

- The goal for this expansion is to invite new major donors through expanded personal contact. Any or all of the above techniques may be used to expand your list of major donors by encouraging smaller donors to increase their generosity and to enjoy the enhanced personal contact and intimate awareness of your people and programs.
Major Donor Cultivation: Steps to Success

• If your initial analysis identifies twelve members of your board and only six other individual or institutional major donors who should be on your start-up contact list, then consider this to your advantage.

• Assuming that your start-up goal is to contact each major donor on your list only once during the first year, then believe that you can manage to contact an average of three people each month and maintain all your other responsibilities.

• Nothing else you do will have the same positive impact on your development program.
Venturing Off the Well-Worn Paths to Find New Doors to Open.
The Old Generalization about Motivation Needs to Be Rethought

• While recognition, peer pressure, guilt, the quest for immortality, and other traditional motivations may still be present, it's important to realize that a younger generation of donors and the rising role of women in philanthropy have added some new motivations that can prove beneficial to organizations who understand them.

• In some communities, the scions of the wealthy families have departed from their philanthropic traditions and are directing their money towards programs with high social impact rather than those with high social recognition.
Millennials

- According to the Foundation Center, the Millennial generation accounts for $200 billion in direct purchasing power and poised to receive $41 trillion in transfer of wealth from older generations.

- As Millennials reach their highest earning years, it is important to recognize this potential for future philanthropy.

- They will expect that technology is kept up to date and will want to see their involvement showcased via social media, so appreciation and communication be made accessible, i.e. getting appeal letters in the mail won’t be as appealing as receiving an eBlast with a link to donate online.
Gen X and Y

- They have been raised in an environment of broken homes and broken promises and are therefore skeptics and doubters.

- Their world is fast and information overload is common.

- They want very much to make a difference, but they want their investment to be first of time and involvement, then treasure (perhaps aided by the fact that few in this demographic have much disposable income).

- They do not trust easily, and they want to be shown in very practical and specific ways with details, how their money is being spent and how it is making a difference.
Thirty-somethings and Forty-somethings

- Thirty-somethings and forty-somethings who are very successful have been, for the most part, significant creators of the ideas, products, and services that have made them wealthy.

- They're used to being involved in the creation, implementation, and evaluation of projects: they respond to outcomes.

- They want to be involved.
Women Philanthropists

• All the recent studies about women's philanthropy distinguish it from men's philanthropy with one common conclusion: women get involved first and then give. They are less apt to respond to peer pressure, more apt to follow their own hearts.

• The younger generation of donors shares some of that same profile, and is also less apt to give for recognition only. In fact, some shy away from recognition entirely.
Face of Philanthropy

- The age of the passive philanthropist is ending. As the face of philanthropy changes, so does its quest.
- An interest in outcomes is replacing a need for rewards.
- While recognition is still important, the way in which it is provided is changing. It is more mission-connected.
Donor Retention

Improving attrition rates by 10% can improve revenue generated by:

• 50%
• 100%
• 150-200%
What is Lifetime Value?

“The total net contributions that a customer generates during his/her lifetime on a house list.”
Effective fundraisers know that raising money means creating meaningful relationships with donors.

And...meaningful starts with you.
Relationships: The Foundation of Fundraising

- Fundraising is about relationships
- Relationships take time to nurture
- Nurtured relationships lead to trust
- Trust leads to involvement
- Involvement leads to investment
Relationships: The Foundation of Fundraising

Ask Yourself...

• How are we connected?
• What did you learn?
• What would you have liked to know more about?
Relationships: The Foundation of Fundraising

Stories ...

1. Create familiarity
2. Create relevance
3. Simplify communication
4. Are fun
5. Are human
Relationships: The Foundation of Fundraising

*Before you can tell somebody else’s story, you must be able to tell yours.*
Relationships: The Foundation of Fundraising

*Your story must connect the Five Cs:*

1. Cause
2. Cadre
3. Community
4. Commendation
5. Commitment
Relationships: The Foundation of Fundraising

*Use your story to...*

- Solicit
- Recruit a volunteer
- Motivate a staff member or peer
- Describe your organization’s need and those you impact
- Make a difference
Seven Steps to Engaging and Retaining Major Donors

1. **Identify potential donors** - Someone who already gives to your organization.
2. **Research the potential donor** - What do they do? What are their interests?
3. **Plan for potential donors** – Build a strategy for cultivating a relationship with them.
4. **Involve the potential donor** – Engage and cultivate the prospect.
5. **Approach the donor** – Once you’ve cultivated the donor, it’s time to ask.
6. **Thank the donor** – Don’t wait, do it as soon as the donation is made.
7. **Keep the donor involved** – Let them know what you are doing with their money and the difference it is making.

Credit: World of Difference
What makes a major donor depends on the charity. For some organizations it could be someone who gives $100,000, for others $1,000.

Whatever the amount, attracting major donors is all about forging good relationships. Your organization needs to make the giver special and that means cultivating them in a personalized way.
Involvement Leads to Investment
Number of volunteers, in millions of people, 2005–2015

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Why Do Donors Defect?

- Death 1%
- Relocation 3%
- Won By Competitor 5%
- Lower Price Elsewhere 9%
- Unsatisfactory Compliant Handling 14%
- Lack of Interest from Supplier 68%
Why donors stop giving

• No longer able to afford support
• No memory of ever supporting
• Still supporting by other means
• Feeling that other causes are more deserving
• No longer needs my support
• Relocated
• Not reminded to give again
• Did not inform how my money was used
• Communications were inappropriate
• Asked for inappropriate amount
So what’s likely to drive donor loyalty?

- Demonstrate role competence
- Demonstrate good judgment
- Drip feed performance data
- Be honest when things go wrong
- Follow standards of professional conduct
- Develop and promote complaints procedure
Motivations that drive giving must be discussed: We must speak to the heart more than the mind

- We must talk about what matters to them, not just what matters to us
- Learn from your donors: Why did you give?
- The best askers are the best listeners
- We “grow” donors by helping them secure the gift of generosity
Best Practices for Research

- Remember qualitative research
- Use multiple sources for quantitative research
- Ask other people, both professional colleagues and friends, what they’re reading
- Look at AFP.net, Philanthropy-centre.org and studyfundraising.com
- Take a class