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DEMYSTIFYING MAJOR DONOR FUNDRAISING



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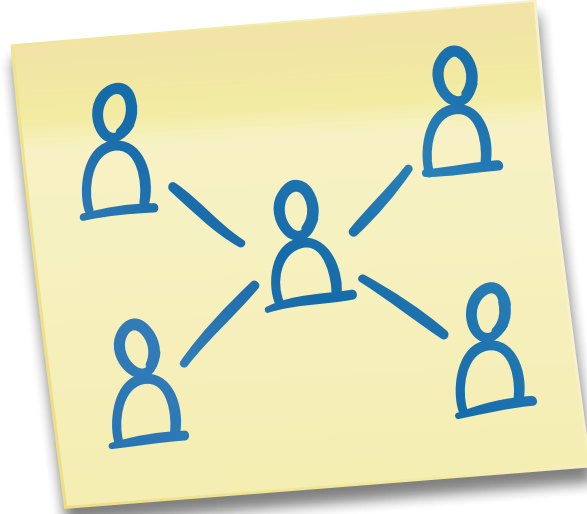
Amnesty International (AI) staff and volunteers at the opening gala and the world premiere of Howard Zinn's "The People Speak" for the 2009 Atlanta Film Festival. AI hosted the opening reception for the event, and several AI donors and prospects were in attendance. Will Cordery (far right), senior major gifts officer for the Southern region of Amnesty International USA, shares his experience raising major gifts in this issue.

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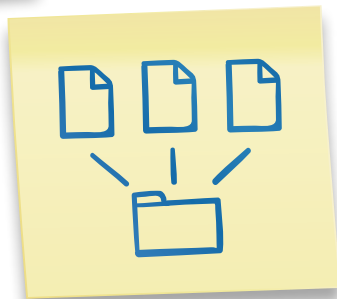
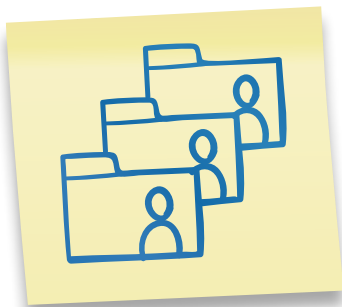
by Will Cordery

Whatever amount your organization designates as a major gift, finding and nurturing relationships with major donors follows some basic principles. Will Cordery, former Project South Development Director now with Amnesty International, explains.



Nurturing Relationships for Today and Years to Come

by Kevin Johnson



GOOD FUNDRAISING IS ABOUT GOOD RELATIONSHIPS. Board members and nonprofit staff often refer to donors as personal friends. But how many “good” friends can you actually have?

Donors report that communication quality and depth of relationship between them and the nonprofit are primary drivers for making gifts—both annual fund and legacy gifts (bequests). Donor research consistently reports that personalized and face-to-face interaction generates more in the way of gifts and resources for nonprofits.

But what if your brain is already filled up with the details of personal relationships? How many more can you add?

Researcher Robin Dunbar suggests the most friends your brain can handle might be around 150 because of the way the human brain is hardwired (see liv.ac.uk/researchintelligence/issue17/brainteaser.html). Other research suggests the number of close or best friends may be far smaller. Therein lies the rub. How do you stay “friends” with the dozens, perhaps hundreds, of people who value the work of your organization? Technology can help a little, but the root of the problem persists.

This is not a new problem in the fundraising world. Faced with this very dilemma, in the early 1970s G.T. “Buck” Smith devised a conceptual solution you can use in your small or mid-size nonprofit today and that will serve you as your nonprofit grows.

While driving the back roads of Ohio to visit donors, Buck

realized he could only track a small number of relationships in his head; after that number he needed some help. Buck approached his work with an emphasis on the quality of the relationship—especially the fact that no manipulation of the prospect or donor is ever intended. Instead, he focused on

HOW DO YOU STAY “FRIENDS” WITH THE DOZENS, PERHAPS HUNDREDS, OF PEOPLE WHO VALUE THE WORK OF YOUR ORGANIZATION? TECHNOLOGY CAN HELP A LITTLE, BUT THE ROOT OF THE PROBLEM PERSISTS.

nurturing a passion within an individual to make a difference in a cause with the potential to bring joy and satisfaction to that individual. He envisioned a way to enable him to significantly expand his ability to cultivate and nurture greater numbers of donors who have the ability to make important contributions. Of course, “important” is relative, and what counts is what is “important” to your group—whatever the size of your nonprofit.

If you are just starting with this approach, I suggest trying it out with your top 5% or 10% of donors first or perhaps the top 50 or 100 people who are most important to the group. You might define “most important” by selecting people who have made the largest one-time gifts, people who have given the largest amount cumulatively over time, or a combination of both factors.

In the years since Buck Smith developed this process for managing donor relationships, now often called moves management, it has been modified and institutionalized (in fact, the

term “Moves Management” is a registered trademark of the Institute for Charitable Giving in Chicago).

Over the last few years, I experimented with the concept of relationship management with a number of small and mid-size groups with the intent of discovering what would best serve smaller groups. What I discovered and observed worked is based on five simple questions. There’s also one question to ask yourself in advance: Can I do this?

Here’s a quick test for success. When was the last time you emailed a friend or family member a picture (subject line: “Pix!”)? Or perhaps you sent a short note telling them what you were up to, or you came across an article, blog post, or website you thought they might like? If you have ever done such things, you can probably make this relationship management process work for you and your nonprofit.

In each instance, there is evidence that you listened, paid attention in earlier conversations, and have a sense of what could be of interest to your friend or relative. You remembered their interest at the right time and then made a small but thoughtful response. Such simple mindfulness is the essence of effective relationship management. This is not the same as tweeting or posting something on Facebook, in which you broadcast a single message to a range of different people. Rather, success will require a focus on what interests and engages others; these interests may or may not be of equal interest to you personally. In contrast, on Facebook most people post things that are all about themselves—“Look what I just did!”

Start with Your Interests, then Shift to the Donor’s Interests

The simplicity of relationship management as originally envisioned is to help you discover people who might be interested in what you do and how to help them discover if they are, in fact, interested. If there is interest, together you and the prospective donor discover how best to be connected in a meaningful way. Out of that connection comes increased involvement on the part of the donor.

In my experience it’s at this point that prospective donors end up asking you to ask them for a gift, by saying something simple such as, “How can I help?” Of course, by then you understand more about their interests and capacity, and you can respond intelligently to their request in a way that results in a gift everyone can be pleased and proud about.

By the way, once you secure a gift, you can start the process all over again. The same questions and process, as described below, still apply. Think of it as a circle going around, often asking for a larger gift in the next round.

Many people can manage this process intuitively with a number of individuals. However, how can you systematically nurture, involve, and connect with a growing number of supporters? In obtaining gifts of all sizes, in particular larger gifts, nonprofit fundraisers must pay attention to how each relationship unfolds.

It takes time and attention. In my experience, using a relationship management process as a tool to manage how you relate with donors consistently adds to the joy of fundraising you experience representing the work of your nonprofit; it also enables you to get results with larger numbers of people.

Five Steps: Five Simple Questions

Five questions that you ask yourself can form the basis of your relationship management system. These questions can be used in multiple ways: in donor meetings (slightly reworded), as a way to categorize groups of donors and their relative status so you can track overall progress, and to help frame the right perspective on designing informational and solicitation materials. The questions focus on the following steps in building a relationship:

1. Discovering a likely interest combined with capacity to make a gift
2. Deepening understanding
3. Nurturing involvement
4. Inviting a gift
5. Recognizing the gift, then beginning the process anew

Some groups condense the following set of five questions to four, others expand it to six. It rarely works well with fewer than four steps because too many distinctions get lost.

Here are the five steps that form the basis of this relationship management system and the questions that you ask yourself for each one:

- 1. Introduce.** Does this person have the financial capacity to make a gift and is there an existing connection or likely interest in supporting the work of our nonprofit?
- 2. Understand.** Have we personally introduced or discussed our work with the prospect? Often we think this has been done, but it has not. Use this conversation to figure out what they need and how they would like to be involved.
- 3. Involve.** What must occur or be understood by the prospect in order for them to make a major gift? Most often the donor wants to find out more and the best way to do that is to become involved in some way with the work of the organization. For example, a number of attorneys have told me that they don’t want to offer legal services, but instead want to become involved

Moving Through the Five Steps: One Development Director’s Experience

<p>What happened with the donor: The development director’s experience</p>	<p>Notes on discovery and next steps</p>
<p>1. Introduce. “The wife of one of our volunteers brought up the name of the owner of the company she worked for because she had heard him talk in the office about the land and conservation. She volunteered to talk with him about coming out on a hike. He said yes. From the little bit of research we did on his company, we knew that he could make a large gift.”</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Review lists of donors and supporters. Who knows whom? <input type="checkbox"/> Prioritize based on what you know about each one. <input type="checkbox"/> For each one, what is the best way to discover the answer about whether they have interest in your work and have the capacity to make a gift. <input type="checkbox"/> In this case, the business owner had a successful business, hence likely capacity. He also talked positively about the issues involved. Asking him out on a hike will give everyone a chance to find out if his interests in conservation apply to the work of this group.
<p>2. Understand. “Along the hike he told us some stories about growing up in the countryside. I was surprised because he seemed like such an urban person. He told us about hunting trips with his grandfather. Realizing that family was really important to him, we suggested that he invite some of his family on our next trip. We were able to include them all in a hike. He was so pleased he could share that outdoors experience with his children.”</p>	<ul style="list-style-type: none"> <input type="checkbox"/> What stood out in the conversation on the hike was the emotion that came through a story the donor told. We asked a follow-up question about his family and whether he spent time with them outdoors. <input type="checkbox"/> After everyone had left, the director of development jotted down a few notes about each person related to the question of what must be understood and made notes about what’s next and why. In this case: “He has capacity through his business. He believes it is important that people—especially children—experience the land firsthand. In May, invite prospect to June hike, ask him to bring family.” Back in the office she entered the data into the database, set a tickler reminder for the date, and changed his category from “1 – Introduce” to “2 – Understand.” The focus of the next interaction will be to find out how he might like to get more involved.
<p>3. Involve. “We noticed he started asking questions about our finances and the audit. I made a point of asking the executive director to call him in response. Even though I could have called with the same information, I wanted the two of them to talk on the phone to get a better sense of each other. They ended up hitting it off well, with the prospect having some experience that applied to one of the management problems the executive director was wrestling with. The prospect was glad to help with advice. Our executive director later reported back to the prospect on how the advice was used.”</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Involvement takes many forms. It does not have to be elaborate. In some cases, donors considering much larger gifts will require more involvement. Asking for advice on a simple problem is one of the easiest and most straightforward ways of soliciting involvement. For example, all it might take is something like this: “I know you have done this kind of work in your business, I need your help. I was wondering what advice you might have as we consider this?” <input type="checkbox"/> The director kept a short list of “thank you to-dos” and took a moment to write a thank you note: “Thank you for your comment. It was really helpful to me in making the decision. As a result ...” To make sure such notes go out, he schedules a half-hour each Tuesday morning to write letters.

<p>4. Invite. “We asked to have a business meeting with the prospective donor. We intentionally requested a meeting at his place of business because that reflected the approach he would respect. Based on the comments he had made about the kinds of groups he supported, his interests, and need for businesslike accountability, we were prepared with a letter requesting a gift. The letter was short and to the point — just like his style. He reflected for a moment and then said yes.”</p>	<p><input type="checkbox"/> Using insight gleaned from earlier conversations, it was time to make a short written proposal to the donor. We write these proposals from the point of view of answering questions a donor would naturally have and change the introduction and occasionally the closing to make each letter unique in terms of the donor’s experience.</p>
<p>5. Recognize. “The day we got the check, the executive director called the donor to thank him and I wrote him a note. I also forwarded the information to our board chair and asked her to give him a call to tell him what a difference the gift made. We responded right away because we wanted to demonstrate that we could handle the details well — which we had learned was the basis of his business success. Because we had talked about how his gift would be used, I can now report back to him regularly on our progress. I intend to use the next report to ‘introduce’ us to him again and to start the process over again on the way to his next and, I hope bigger, gift.”</p>	<p><input type="checkbox"/> About reporting back: If you have written one letter reporting on your work, you have written most. In other words, once you have the substance of a report letter, you can use it over and over, personalizing and updating it for each donor or group of donors.</p> <p><input type="checkbox"/> Schedule reporting letters or small group gatherings to report on recent work; some do conference calls or podcasts as well.</p> <p><input type="checkbox"/> Now that a gift is complete, begin the process over again. Use the same questions — there is always more to know. Some threshold questions have likely been answered. But as a donor considers increasing a gift, new kinds of questions often arise. You will have to address them successfully in order to get a larger or repeat gift.</p>

with the service an organization provides, such as delivering meals to seniors or reading to children in the schools. Looked at from the perspective of the donor, then, what kind of involvement will help them complete this statement: “Now that I know (or understand) that _____, I feel comfortable and confident in making a gift.”

4. Invite. Have we made the case for a gift in a way that connects with the prospective donor’s highest interests and values? (Or, Do we understand how the prospect would best like to make a gift, for what purpose, and in what gift range?)

5. Recognize. How will we most effectively—in the experience of the donor—recognize this gift?

The following chart shows how one development director of a local conservation advocacy group described his journey with a particular donor, with notations about each stage or question.

Keeping Track

You can create a simple spreadsheet to track your progress with each prospective donor (see the example on next page). At the top you could label a series of columns with the primary contact name, current status, next steps, and notes sections. Use the questions as the basis for creating your strategy for what is next.

I have noticed it is useful to write in complete sentences about the purpose of the next step as a way to provide guidance for how a meeting or contact might unfold. For example, a task described as “meet the executive director for breakfast” might be an appropriate strategy—but only if you have clearly thought it through. A more considered description might look like this: “Step 3: Mary the prospect starts her days early and has breakfast meetings most days at her favorite spot. She has also been asking some pointed questions about our budget. The executive director should ask to meet her for breakfast with the purpose of discovering what questions she needs to have answered in order for her to consider a major gift.”

Using the Questions

These questions can be used to guide individual visits with donors, do internal tracking, or help project future fundraising resource needs.

Guide Individual Visits with Donors

Seeking the answer to a question could be the focus of a donor visit. Too often when we think about fundraising we think about asking. Asking for a gift is critical, but if we take the time to connect and involve the donor, the process will be more rewarding and the gift will likely be much higher, and repeatable. For example, what might a visit look like if your primary

Simple Mechanics to Track Prospects and Next Steps

Simplified and Proven "Moves Management" Methods

	Target Gift Amount	Moves Status	Volunteer/Partner	Staff	Most Recent Contact	Next Move	Notes
Top 10 Prospects							
Next 20 Prospects							
Future 30 Prospects							

Focus on the largest, most likely gift prospects FIRST.

Right now, how would we categorize the prospective donor in terms of our relationship with him/her?

Who is responsible? Include both staff and volunteers.

What must occur to move the prospective donor forward? What must the h/she learn, discover, or decide in order to make (or move closer to making) the maximum gift based on their true capacity and philanthropic potential?

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goal was to discover the answer to the question, "What must occur or be understood by the prospect in order to make a major gift?" Finding an answer to a question could also be the assignment of board members to discover, for example at an event the prospective donor is expected to attend. In some cases, it might even be appropriate to ask that question directly of the donor.

Do Internal Tracking

You can use these questions to help plan individual donor contact as well as contact with groups of donors. Aggregating your individual information, you can track groups of donors and gain insight into your overall fundraising progress. Understanding the quantity of prospects at each stage in your gift pipeline can be a powerful planning and forecasting tool. For example, if you have 25 donors at step two, but only three at the third step, then you immediately know that you need to put your emphasis into moving group two along.

Project Future Fundraising Resource Needs

Analyzing the trends you see could give you insight about what kinds of fundraising objectives to set, what kinds of activities to plan, and what kinds of resources you will need. You can also use this kind of thinking to set up for a new campaign

project, a capital effort, or expanding your current operations.

One group planned an expansion effort using their relationship management experience of the previous year. They tracked staff and volunteer time related to fundraising and matched that against the numbers and stages of donors. As a result, they were able to estimate the numbers of prospective donors they would need to interact with and the amount of staff and volunteer time needed. Armed with that data, they constructed a more realistic plan for interacting with donors and prospects for the coming year.

You can put this idea to work immediately by starting with a list of your current donors and prospects and labeling each by step as best you can. Then, your next assignment is to connect with them in some way to discover the next most appropriate action needed. Repeat as needed. ■

Kevin Johnson, CFRE, CSPG, principal of Retriever Development Counsel, coaches nonprofit leaders on how to be more effective in strategy, charting new directions, and building sustainable funding models. His book, *The Power of Legacy and Planned Gifts: How Donors and Nonprofits Can Change the World*, was published by Jossey-Bass earlier this year.