



Simple Steps to Starting a Major Gifts Program

By Shirley Trauger Senior Associate,
Schultz & Williams

Schultz & Williams

1617 JFK Boulevard
Suite 1700
Philadelphia, PA 19103

215.625.9955
schultzwilliams.com

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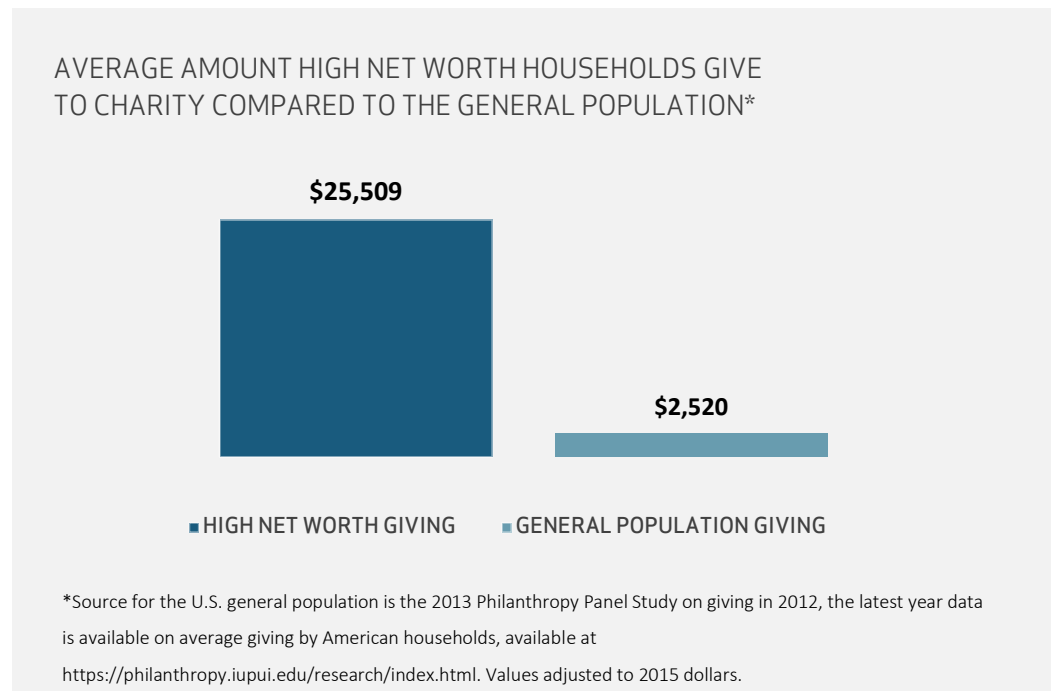


Simple Steps to Starting a Major Gifts Program

Individual major donors represent the single most impactful giving segment, but many organizations, especially small to mid-sized nonprofits, do not have a program in place for pursuing major gifts. From defining major gift levels to launching the essential elements of a major gifts program, the author offers strategies to help organizations of any size tap into the potential individual major donors while realizing a significant return on investment.

Introduction

Individual major donors produce the greatest impact of any group of givers. For perspective, consider this: According to the *2016 U.S. Trust Study of High Net Worth Philanthropy*, high net worth households give 10 times more to charity on average than households from the general population, as the following figure demonstrates.



But there are still many fundraising programs that don't include any focus on cultivating major gifts, let alone maintain a dedicated major gifts officer on staff.

How can organizations incorporate a major gifts approach into their fundraising programs, even when their staff lacks a major gifts officer? What concrete steps can organizations take—given their size and resources—that will ensure a successful effort? What will their investment have to be and what returns can they expect? Although the answers to these questions will be different for every organization, almost any nonprofit can begin to tap into the enormous pool of major gift potential that exists. In this paper, I suggest how

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to introduce a focus on larger individual gifts using approaches that can be grown incrementally over time—as long as your effort is consistent and systematic. It's a plan designed to help you get started.

There are still many small and mid-sized organizations that—despite expressing a desire to do major gifts work—have never been able to “get around” to launching any type of major gifts initiative because they're so focused on annual giving, events, corporate friends and grant writing.

Prioritizing the development of major gifts reflects a long-term view of your organization and acknowledges its need for sustainable sources of revenue. Annual giving and events should be viewed as the entry points for donor support; a major gifts initiative “cashes in” on the investment you make in these programs to maximize the lifetime value of your supporters.

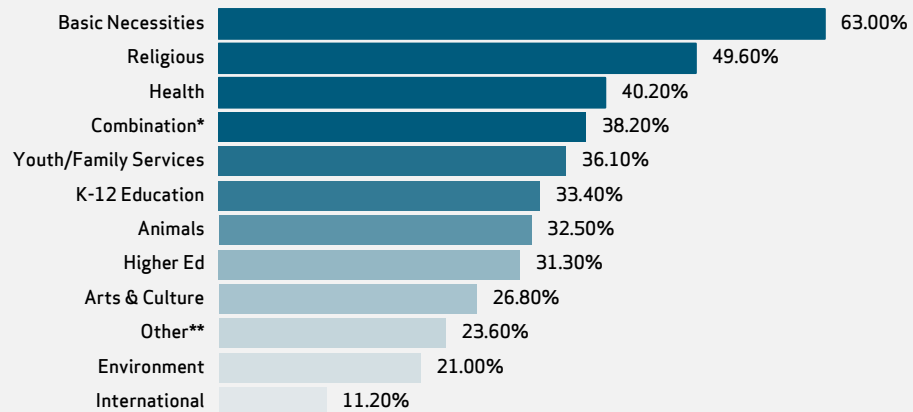
From a revenue-generating perspective, if you properly foster the relationships with your organization's annual supporters, they can be tapped later for major gifts and estate gifts. If you ever plan to do a campaign to improve your theater or build an endowment, they will be your lead campaign prospects. It's only when fundraising programs consider the continuity of giving throughout the lifetime of a donor that they realize their potential for a return on investment.

But are there really individuals among your current supporters with the capacity to make larger gifts? Is it even possible to get high net worth (HNW) individuals interested in a smaller organization like yours? According to the 2016 U.S. Trust Study of High Net Worth Philanthropy, high net worth donors are giving to all sectors of the nonprofit world, with giving to meet basic human needs among their strongest interests, as shown in the following figure.

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HOW HIGH NET WORTH DONORS CHOOSE A CAUSE OR ORGANIZATION TO SUPPORT



*Combined organizations include United Way, United Jewish Appeal, Catholic Charities, and community foundations, among others. **Organizations in the "Other" category include LGBT organizations, veterans affairs, and neighborhood associations, among others.

The same study shows that more than 90% of high net worth donors want their gift to make a difference, often a more easily proven proposition in a smaller organization. If your organization's mission and programs are having an impact in your community, there is a reason for you to tell your story to larger prospective donors—and to look for them among your existing supporters.

As development and nonprofit leaders, it is our responsibility to have programs that tap into this kind of giving. We must prioritize our time to consistently spend some of it with major prospects. We can do this by defining a systematic process for building relationships with major prospects and by making it part of our annual fundraising plans and goals.

What is a Major Gift?

So what is a major gift, anyway? There is no one answer to this question because major gifts are defined relative to an organization's current giving program. Your major gift level should raise the sights of your donors. When defining what a major gift means for your program, you should take into consideration the gift size these capable supporters are accustomed to making to your organization—and push beyond it. Major gifts should be “stop and think” gifts.

For example, if your annual giving program is topped by a \$1,000 donor category, a major gift could be \$5,000. If your program is larger, major gifts starting at \$10,000 or more may be the right amount. Defining your major gift level is important, because this definition guides you to your prospects for the program.

Major gift prospects should be capable of giving five-, six- and seven-figure gifts. This potential within your pool of prospects is what makes investing staff and leadership time in a major gifts program worthwhile. We do not recommend using the personalized major giving program described here to increase the number of \$1,000 donors; that work is more appropriate for an upper-level annual giving approach.

Building Your Case For Support

When building your case to solicit the support of potential major donors, it's important to identify how your organization and the people you serve will benefit from these new gifts. What needs are you addressing in your community? How are you meeting these needs? How will the funds allow you to reach more people and add organizational capacity for new programs?

Start with the impact your donors' gifts will have in the community—not with what you need as an organization. It's also critical to articulate the values that make your work important. According to the *2016 U.S. Trust Study of High Net Worth Philanthropy*, donors draw upon their personal values more than any other factor when determining which nonprofits to support. To make an effective case, you need to link the values that your organization's work represents with the values of your prospective donors.

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Most major gifts focus on achieving some specific objective rather than providing unrestricted funds. This is particularly true for the first few major gifts a donor might make. On the other hand, if there is sincere commitment to your mission and confidence in organizational leadership, a larger request for unrestricted support may be accepted. *The Chronicle of Philanthropy* reported 15 unrestricted major gifts of \$1 million or more in 2017.

In preparation for your major gifts program, you should define fundable needs and projects where a major gift can make a difference. Identify three to five elements of your budget that can be packaged into proposals for a major gift. For instance, you may want funding for a quarter of your faculty to get advanced training in a new educational technique each year. Or you may have developed an arts program that has been particularly successful in improving reading readiness, and you want to continue to fund and expand the program. If you are writing grants for foundation or government funding, you can use these requests for major individual prospects as well.

Look to the future and ask potential major donors to look at it with you. Your strategic plan should identify opportunities or challenges on the horizon. Remember, major gifts are developed over a longer timeline, just as your organization is.

Finding Prospects

Data and data analysis are more important tools for fundraising than ever before. You can use your own data to find prospects for beginning your major gifts program.

Annual giving is the most reliable source of unrestricted gifts to an organization. But it has another important function: It's the pipeline of donors and supporters who can become valuable long-term stakeholders in the organization.

It's likely that a subset of your annual givers has the capacity and interest to become future major donors. Our next task is to find them. To do this, run your database asking for: 1) total giving; 2) first and last gifts; 3) largest gift; and 4) total number of gifts.

If you haven't done a philanthropic capacity screening (previously called a wealth screening) of your donors, this is the time to consider one. Philanthropic capacity screening uses public information to link your donors with indicators of their net worth, including property values, ownership of luxury items, and connections with foundations or corporate leadership. In addition to evaluating your donors' assets, the screening will also weigh their philanthropic inclination. The report that you get at the end of this process will

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give each individual a score relating their potential for major giving based on their wealth as well as to their giving to other organizations.

Overlaying philanthropic capacity screening onto your data report will allow you to prioritize individuals who could be making larger gifts to your organization. Winnowing this group down to a list of 100-200 would be appropriate at this point.

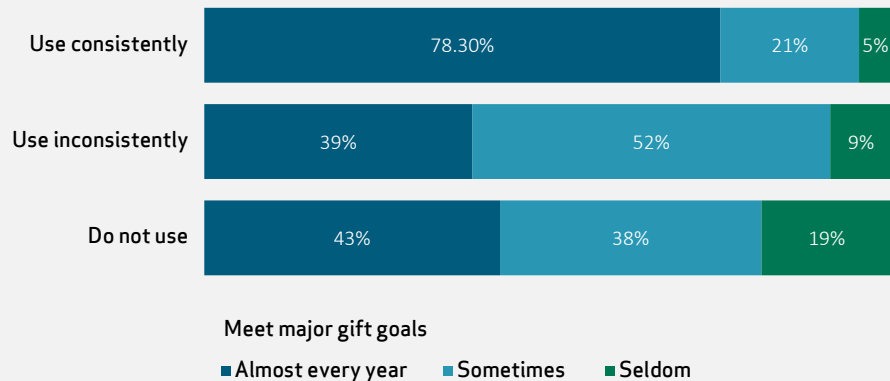
You can confirm and enrich this data with other research. Since a history of philanthropy is key, research larger local givers or donors to similar causes. Identify family foundations, which in many cases are the instruments used by individuals for their philanthropy.

Engage your Board—who do they know on your list and who else do they know who are larger donors with an interest in your cause?

Look carefully at this list with an eye to finding a manageable number of people with the financial capacity to make larger gifts to your organization. What's manageable? The rule of thumb for a full-time major gifts officer is 100-200 prospects that they are actively engaging at some stage of the qualification, cultivation, stewardship and solicitation process. But if you're instituting a major gifts program without a dedicated major gifts officer, a manageable number might be more along the lines of 20, 50 or 100, depending upon how much time your organization can commit to consistent outreach to this group.

Developing a system for identifying your major gift prospects is a worthwhile investment. The *2017 Major Gifts Fundraising Benchmark Study* demonstrates that organizations with a streamlined process for identifying major gift prospects actually raise more money and meet their major gift fundraising goals.

MAJORITY OF THE RESPONDENTS WHO USE A CONSISTENT PROCESS TO IDENTIFY PROSPECTS ALSO MEET THEIR MAJOR GIFT FUNDRAISING GOALS



How to Work With High Net Worth Individuals

In many cases, high net worth individuals will already be among your supporters. They are your acquaintances, if not already friends, who know you at some level.

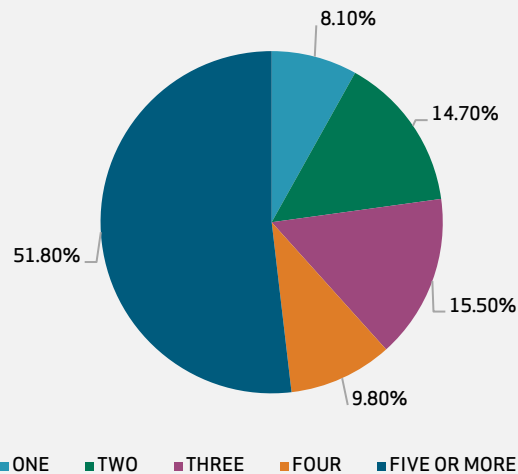
Many high net worth individuals already have well-established philanthropic interests and priorities. The average high net worth donor in the *2016 U.S. Trust Study of High Net Worth Philanthropy* is supporting eight organizations.

On average, wealthy donors gave to eight different nonprofit organizations last year. However, this number varied notably based on a donor's age. Donors older than Baby Boomers (i.e., over the age of 70) gave to an average of 11 organizations, Baby Boomers (i.e., between 51-70 years) gave to seven, whereas younger donors (age 50 and under) gave to five.

I gave to ____ organizations in 2015



HIGH NET WORTH INDIVIDUAL GIVING BY NUMBER OR ORGANIZATIONS*



*The percentages in this figure were calculated only among households who gave in 2015.

The goal of your major gifts work is to give these individuals reasons to make your organization a larger priority in their giving than it has been in the past.

Major gift cultivation needs to be face-to-face personalized work. That is the kind of attention these donors already receive from their universities, the hospitals where they sit on the Board and other nonprofits they support.

This is where the head of your organization comes in. Besides making the establishment of a major gifts program an organizational priority, your CEO, executive director or head should be a central figure in the outreach to your most important prospects. Supported by a development staff member, she or he should be developing solid relationships with your top prospects.

Major donors also want to hear from their peers about an organization. A prospect's respect for someone he or she knows transfers to the organizations that those people support—at least in terms of opening a door for conversation. It is critical to have peer influencers—that is, your Board members—working with you who are willing to speak on your behalf.

Put It All In Motion: A Sample Major Gifts Work Plan

Instituting a major gifts program is within reach of every nonprofit, regardless of size or resources. The following steps will help you get started building a program with the potential to grow incrementally over time.

- 1.** Get the commitment of your CEO and one to three volunteers to work with you on the process.
- 2.** Run your database and do a philanthropic capacity screening to identify your top 50 prospects. Review the list with the Board and executive leadership to prioritize your top 20 based on their capacity to give and their affinity or closeness to your organization.
- 3.** Incorporate major gifts into your annual development plan. Aim for growth over three years in the number of prospects identified, screening visits, cultivation activity (such as communications), solicitations, gifts closed and stewardship activities.
- 4.** Set financial goals. For example, you might set a target of 10 major gifts totaling \$30,000, one at \$10,000, two at \$5,000, two at \$2,500 and five at \$1,000.
- 5.** Identify giving opportunities and the case for major giving to your organization.
- 6.** Set aside one afternoon a week for outreach to your top prospects to help them get to know your organization better—and to help you get to know your prospects and their interests better.
- 7.** Develop a regular schedule of six personalized communication points from your organization throughout the year.
- 8.** Design and implement a tracking report on major gift activity by name.
- 9.** Incorporate a report on major gift activity into reports to your Board, CEO and executive leadership.
- 10.** Evaluate and adjust after six months and again at the end of the fiscal year. Update your plan accordingly. Prioritize individuals who could be making larger gifts to your organization. Winnowing this group down to a list of 100-200 would be appropriate at this point.

Conclusion

By pursuing a major gifts program, your organization can tap into the high-impact potential of major donors and high net worth individuals. Such an endeavor brings your fundraising program full circle as you invite your already-loyal supporters with the capacity for larger gifts to deepen their commitment, realizing a return on your investment in events, the annual fund, and other fundraising programs. With a strategic investment of time and resources, you can launch a program that will reap immediate benefits while offering the potential to grow. It's a forward-thinking approach to ensure the future health of your organization.

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About the Author

Shirley Trauger brings more than 40 years of successful development and management experience to her work as senior consultant for Schultz & Williams (S&W). Prior to joining the firm in 1996, she was head of the fundraising programs at the University of Pennsylvania's Annenberg Center, International House of Philadelphia and Moore College of Art (Philadelphia).

Shirley's areas of expertise are in campaign feasibility studies, campaign plans, development assessments and creating comprehensive development plans based on an in-depth understanding of each organization's goals, unique history and situation. She has served numerous clients including The Philadelphia Orchestra, Elizabethtown College (PA), Pennsylvania Hospital (Philadelphia), Boys & Girls Clubs of Philadelphia and numerous public broadcasting stations nationwide.

Shirley has a bachelor's degree from Bucknell University and an M.B.A from Pennsylvania State University.

About Schultz & Williams

Schultz & Williams (S&W) is a widely recognized strategic development, planning, multi-channel fundraising and marketing consulting firm serving our nation's nonprofits in areas such as healthcare, education, arts and culture, the environment, social justice and wildlife. S&W approaches its work with the conviction that every nonprofit's development, management and marketing strategies must be fully integrated for organizations to realize their greatest mission impact.

S&W has conducted campaign planning studies, developed campaign plans and implemented major campaign fundraising efforts to help organizations reach campaign goals ranging from \$500,000 to \$500 million. Our deep bench of experts has worked in organizations just like those we serve, providing each client with an informed and effective approach to planning, managing and implementing successful campaigns.

Headquartered in Philadelphia since 1987, S&W also has operations in Washington, D.C., Los Angeles and San Francisco. The firm has more than 65 professional staff and consultants who have served more than 1000 outstanding clients across the nation.