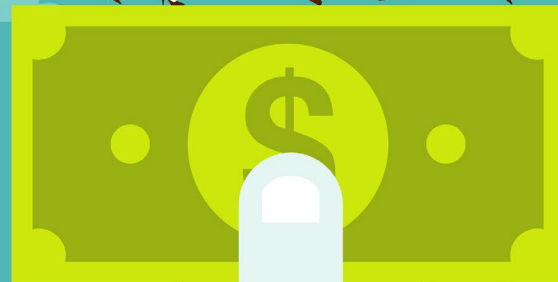


How to find the **Big Donors** Who Can Make Your Organization Grow



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How to Identify Donors With the Greatest Potential to Give

By LISA SCHOHL

MANY NONPROFITS track donor engagement and analyze wealth, but few look at these variables together. That could leave large sums of money on the table, says Jason Coolman, associate vice president for development and alumni relations at the University of Waterloo in Canada.

As part of his master's degree coursework a decade ago, Coolman created a formula for measuring how connected Waterloo alumni felt to the university and how much they could give. This

information allows the college's fundraisers to identify supporters with the greatest willingness and capacity to give — and cultivate them rather than taking a scattershot approach.

PRIORITIZING CERTAIN RELATIONSHIPS

Around 80 percent of Waterloo's giving comes from less than 1 percent of its donors, Coolman says. But traditionally the college spent more time soliciting the other 99 percent — via direct mail, email, social media, and other fundraising



UNIVERSITY OF WATERLOO

The University of Waterloo invites early-career alumni who are founders of companies to pledge to make a gift when their businesses turn a profit.



channels — than working to strengthen ties with alumni who could give the most.

Coolman's research suggested that was a costly mistake. Using data, he created a two-by-two grid to group alumni into quadrants. The horizontal axis represents their involvement with the university, and the vertical axis represents their wealth. (See illustration.) Both of the top groups had above-average wealth; what set them apart was how connected they felt to the institution. Alumni in the top-right quadrant, labeled "leaders," were highly engaged and had above-average wealth, which often led to greater giving. Coolman describes "leaders" as having "high engagement and high impact."

A second group of wealthy individuals who are less engaged are labeled "potential leaders." Coolman and his team conducted interviews with alumni in each group to figure out how to maximize giving among them. It turns out that both groups of wealthy supporters wanted things such as highly personalized treatment and to under-

stand how their giving made a difference. However, the "potential leaders" had not yet received this attention and therefore weren't giving as much as they could.

"On average, the leaders are giving almost \$100,000, and the potential leaders are giving under \$800," Coolman says. "They're giving, but we're leaving \$99,000 on the table for each one of those people because we haven't made it highly personal and highly engaging."

You can't control people's ability to give, Coolman adds, "but we do control how we move relationships forward." And that's the value of this model, he says. Based on the research, Waterloo revamped its strategy to focus on moving as many people as possible from the left side of the chart to the right — toward a stronger connection with the institution — especially those at the top, who represent the biggest opportunities.

It's still important to pay attention to smaller donors, Coolman says, because those who aren't wealthy today may become big contributors in

the future. But the college now invests more resources in building personal relationships with those making “mega gifts,” he says, and those who have the money to become major supporters but have not yet received priority treatment from Waterloo.

“There’s a huge risk and reward on that top-end group,” Coolman says, since much of your success depends on a small number of donors. “But the reward is so great that it’s worth focusing on it.”

Although Waterloo hasn’t been immune to the larger trend of declining donors, he adds, this shift has helped the college increase the number of high-dollar donors and raise more money overall.

CREATING A MODEL USING YOUR OWN DATA

You don’t need an expensive database or huge staff to adapt this approach to your organization, Coolman says.

Start by asking yourself who are your most connected donors and how have you engaged them. Waterloo quantified engagement by sending alumni a survey that asked whether each person would recommend the college to others or if they wanted to get more involved.

Roughly 10,000 people responded; the fundraisers scored each individual’s interest in giving on a scale from zero to 100 based on their answers. The team then compared the respondents’ behavior with the actions of alumni who didn’t participate in the survey. Nonrespondents whose behaviors matched respondents received comparable scores.

If you can’t do a survey, Coolman says, use the data you have. For instance, if certain donors have shared lots of personal information with you, such as their physical mailing address, number of children, and job title, that shows they’re more engaged than those who have only provided an email. Develop a scoring system based on the value of supporters’ actions to your organization. Group supporters according to their scores, and label them based on their level of engagement.

You’ll next need to gauge your donors’ giving capacity, which Waterloo did by analyzing alumni data and external sources, such as tax filings, home values, and other assets, to assign wealth scores. You also could hire an outside expert to

help you screen and assess your supporters’ affluence.

Once you’ve assembled data or scores on wealth and involvement, “Then, basically, when you look at those two points plotted together, it tells you which of these four quadrants that person is in,” Coolman says.

MAXIMIZING RESULTS

When you know where your supporters fall in the model, Coolman says, you can prioritize your fundraising efforts. Here are a few more tips Coolman recommends to help you raise more money.

- **Assign staff members to work on your top and bottom groups separately.** Ideally, you should allocate 50 percent of staff time to efforts geared toward smaller donors. The other half should be spent building personal relationships with those whose wealth places them in the top 1 to 5 percent of supporters. Small nonprofits can do this, too, Coolman says.
“If you added one person [to your staff] who did the very personalized stuff, if they were to convert one gift at \$50,000, that is like a thousand \$50 gifts,” he says. “It would be very hard to get a thousand \$50 gifts.” Therefore, this targeted approach is likely to boost revenue overall.
- **Start small.** Don’t overhaul your strategy from one day to the next, Coolman says. “I think you want to make it a slow and incremental change over time.” Set your fundraising goal, and work toward it over five to 10 years.
- **Give wealthy donors personalized treatment,** such as one-on-one meetings or phone calls instead of letters or emails.
- **Connect wealthy donors to your leaders** or to an influential peer. For example, enlist major donors with a high profile to help with outreach to your potential big contributors. This shows your top supporters that they matter to your organization.
- **Demonstrate the impact of big gifts** above and beyond the information you share with smaller donors. For example, send photos and statements from those who have benefitted directly from these supporters’ gift, and find a customized way to say thanks.



Use Meetings With Wealthy Donors to Build Connections

By MARIA DI MENTO

WHETHER YOU HOPE to inspire a new donor to support your nonprofit or need to check in with one of your regular donors, it's important to prepare for your time together and to focus on listening and learning, rather than just talking and informing.

The Chronicle spoke to several nonprofit leaders and major-gift fundraisers about how to use time with

wealthy donors to get to know them — and their charitable goals — better.

DO YOUR HOMEWORK

“These people do not have a lot of time and they’re getting calls from all these other groups, so it’s important to be respectful of their time by preparing ahead of time,” says Kay O’Dwyer, a senior major

gifts officer with Boston Ballet.

Before you head into a first-time meeting, here are some steps the experts advise taking:

To get a sense for their philanthropic interests, try to find out which charities the donor has supported, says Ms. O'Dwyer.

Get as much biographical information as you can beforehand, says John Russell, senior vice president of development at the Georgia Aquarium.

If the donor serves on a nonprofit or corporate board with someone you know, ask your acquaintance about the donor's motivations and interests. And call others in your network to find out if they know anything about the potential new donor and his or her philanthropic priorities, suggests Robyn Nebrich Duda, director of the Barrow Neurological Foundation.

Find out if the philanthropist has talked to or knows someone within your organization, Ms. Duda adds. If they do, invite that person to join the meeting.

If you're dealing with a donor you've met before, review your notes from those conversations to refresh your memory about the donor and what was discussed, says Lynette Marshall, chief executive of the University of Iowa Foundation.

CONSIDER THE DONOR'S MOTIVATION

Figure out what type of donor you are dealing with by asking yourself a series of questions, says Mark Stuart, president of the Foundation of San Diego Zoo Global.

What does the donor care about, and how might that fit into your group's work?

Does she see herself as an investor or part of a philanthropic dynasty?

Does he give because he's religious, or does he have an altruistic bent?

Do they feel a responsibility to give back because they're wealthy, or are they community minded?

If you don't know the answers, says Mr. Stuart, spend some of your meeting listening for clues and asking questions about charitable motivations.

ASK QUESTIONS AND LISTEN WELL

Asking questions and listening closely to a potential donor's answers is of prime importance, say experts.

"One of the biggest mistakes big-gifts officers

make is they think they have to lead and carry the conversation," says Ms. Nebrich Duda. Listening to donors is really important, she adds.

During a face-to-face meeting with potential, new, or longtime donors, it is important to ask them what they find appealing about your organization's work, and then figure out which activities speak to their interests, says Laura Frye, a major gifts officer with Boston Ballet.

If you are new to the organization, says Katrina Foster, Boston Ballet's director of individual giving, resist the urge to prove to a longtime donor that you know a lot about the nonprofit. Instead, listen to what the person has to say about your group's work and why he or she has continued to support it.

LEAVE TIME FOR THEIR QUESTIONS

Part of listening to your donor is giving him or her the time and space to ask questions, says Ms. Frye, and it is okay if you don't have all the answers.

"I'd rather say, 'I don't know but let me find out for you,' than pretend I know something I don't," Ms. Frye says.

KEEP THE INTEREST ALIVE

Update the donor on how previous gifts have helped your nonprofit carry out its mission. Or, if you're meeting with a first-time or a potential donor, describe how others' gifts have helped, suggests Ms. Marshall of the University of Iowa Foundation.

Experts say age sometimes matters, and people in certain age groups may prefer different types of updates about how a gift is helping a nonprofit carry out its mission.

Ms. Duda says that donors in their 50s and under tend to think of their donations as investments, much more so than donors in their 60s or older, so she recommends showing these donors exactly where their money is going and which goals are accomplished as the money is spent.

Those in their 50s also like experts in the room, Ms. Duda says, and she suggests including those people in the meeting. For example, if your donor is helping support scientific research, ask some of the scientists involved in the project to join you.

In contrast, she says, older donors are more interested in the bigger picture so, be prepared to provide them with a long view of how a gift helps your organization over time.

Regardless of age or whether a donor is a new prospect or a longtime supporter, the basic tenet of good face-to-face fundraising, says Ms. Marshall, is doing everything you can to create and sustain an authentic relationship.

Smart Questions to Ask Donors Before Seeking Money

By MARIA DI MENTO



and where their interests might intersect with your organization's work.

DON'T ASK FOR MONEY

Most of all, a discovery question is not a request for a big gift, and transparency about that is key, says Richard Walker III, a veteran fundraising consultant.

"I always say 'I'm not here to ask you for money. I might someday, but today I'm getting to know you and what you care about,'" says Mr. Walker.

Joshua Humbert, vice president of major gifts at the National Urban League, stresses that fundraisers, especially those newer to the role, must initially resist the urge to ask for money. Instead, he says, focus on listening to what the donor cares about and find points of connection

with your group's mission.

"Talk about the work your organization is doing, and align their values and the organization's values as much as possible," says Mr. Humbert. "You really have to make a deposit before you make a withdrawal."

ABSORB INFORMATION

Mr. Greenhoe suggests that fundraisers preparing for a discovery call or meeting should think of themselves as a sponge soaking up information as the donors tell their stories.

"It's like a first date; you're pursuing intimacy with someone and doing it in a way that's respectful," says Rachel Muir, a fundraising consultant who earlier in her career founded Girlstart, a nonprofit promoting science, technology, engineering, and math education for girls.

When a fundraiser meets with a donor, the purpose is to discover whether that donor has the ability and inclination to give a large gift. Knowing how to ask the right questions can make all the difference in landing such a donation, say fundraising experts.

Inquiries to determine whether a person has the capacity to make a big gift to your nonprofit—and might one day consider doing so—are called discovery questions, says John Greenhoe, who wrote the book *Opening the Door to Major Gifts: Mastering the Discovery Call*, and is director of principal gifts at Western Michigan University.

Discovery questions reveal more than simply donors' wealth. They illuminate a philanthropist's charitable motivations, the causes they value, how they may want to be approached for a gift and thanked for one,

And the three most important keys to success are to research the donors beforehand; observe how they react to your questions and the conversation; and, above all, listen more and talk less, says Eli Jordfald, senior major gifts director at University of North Carolina Lineberger Comprehensive Cancer Center.

“The more you allow people to talk, the more you engage them,” says Ms. Jordfald.

WHAT TO ASK FIRST

When you’re talking to long-time supporters, experts agree that you should first express thanks for earlier donations and explain what their backing has helped your organization accomplish, then move on to questions. And whether you are talking to a loyal donor or a new prospect, the experts say it’s best to start with soft questions.

Here are some sample questions:

- What influences your charitable giving?
- Ask donors to name their philanthropic influences, says Mr. Humbert. It gets them talking, often about their parents or their religion, and relaxes them.
- How would you characterize your experience with our organization?
- Particularly if they’ve given in the past, ask donors about their impressions and experiences with your organization, Ms. Jordfald suggests. This helps you learn who they’ve talked to and may offer some clues about how they prefer to interact.
- Why did you give to our cause?
- Mr. Greenhoe suggests asking what inspired donors to support the nonprofit, and—more generally—which types of charities they like to support. Their answers will help you learn more about the causes they care about and what motivates them to give.
- What do you love about your work?
- Inquire about their career and ask what they love or hate about what they do. Ms. Muir says their answers can tell you a lot about a donor’s priorities.

WHAT TO ASK MIDWAY THROUGH

Once you’ve established a rapport through the early part of the conversation, experts say it is a good idea to delve a bit deeper into what motivates donors to give. Ms. Muir offers a few examples of questions to pose.

- What was the best gift you ever made and why?
- Their answer could reveal where they’ve given previously and the causes they support. It’s

also a good segue into the next question, which sounds similar but can provide a different set of clues.

- What was one of the most significant gifts you’ve ever made?
- Avoid asking outright the dollar amount of the gift; it’s rude and puts your donors in an uncomfortable position, the exact opposite of how you want to make them feel. Instead, allow the donors to reveal the amount or the reason why it mattered so much. Either of these answers increases your understanding of their ability to give.
- Which of our programs most interests you and why?
- The answer can show you how to connect your organization’s need with their desires to support something they care about.

At some point you are going to have to find out if the donors are in a position to give a big gift. You usually can’t ask that question outright, say fundraisers, or you will derail the conversation. To avoid that, weave questions into the conversation that may reveal the donors’ financial capacity.

Mr. Walker and Mr. Humbert suggest asking about vacation plans if summer or the holidays are approaching, and follow up with questions about previous trips they may have taken. Their answers will give you a window into their wealth.

Listen for things that may prevent them from making a large donation, says Mr. Walker. If a couple has a child getting ready for college, they’re approaching retirement, or they have aging parents, even the wealthiest of donors may not be in the frame of mind to consider a large gift at the moment.

WHAT TO ASK AT THE END OF THE CONVERSATION

At this point, you are likely to have a much better sense of your donors’ interests, motivations, and ability to give, so use what you have learned, says fundraisers, and close with some clear next steps.

Never leave the conversation without setting up a chance to talk to the donors again, whether to provide more information about programs, or to answer questions they may have. Ask if you can contact them in the future, or connect them with someone familiar with a particular project.

Ms. Muir says if you can do so gracefully and comfortably, use this portion of the conversation to find out how the donors prefer to be asked for a gift, if and when the time comes. Remember, she stresses, you are not asking them for a gift at this point. Instead, you are inquiring how they prefer to be approached.

Ensure Donor Satisfaction for the Life of a Big Gift

By MARIA DI MENTO

When a wealthy donor sues a charity over a big donation, nonprofit leaders are usually left shaking their heads, wondering what went wrong.

Philanthropy experts say such lawsuits usually indicate a breakdown in communication between wealthy donors and those representing a nonprofit.

"If there's one key takeaway from these lawsuits, it's that there's no substitute for a lot of really good communication, both when the gift is solicited and when terms of the gift are negotiated" and beyond, says John Easley, deputy director and chief philanthropy officer at the Cleveland Museum of Art.

Easley has been working with major donors for four decades and says there is no "one size fits all" approach to talking to wealthy philanthropists about how their money will be spent. But, he notes, you should never let months go by without sharing a progress report.

Regular conversations with your rich donors will help prevent misunderstandings that can arise from big gifts or complex projects. From the time you first get to know a philanthropist until well after the gift agreement is signed, communicate often, says Felicia

Murphy-Phillips, senior officer for leadership gifts at Morehouse College.

Murphy-Phillips builds time into her schedule to stay in touch with potential and current donors.

"They don't go six months without hearing from me," says Murphy-Phillips. "I'm constantly calling to check in, and I'm sharing information and making sure they don't have any questions."

If a donor has a question that she can't answer, Murphy-Phillips makes a point to find the information and get back to the donor as quickly as possible.

Regular conversations with wealthy donors help Murphy-Phillips stay on top of philanthropists' concerns; calls, emails, and letters let the donors know they are valued.

Overworked fundraisers may be tempted to forgo close and regular contact



with major donors, but such conversations reveal how philanthropists think, what they expect, and whether any dissatisfaction is bubbling up, says Gasby Brown, a fundraising consultant.

STEPS TO TAKE

A sound gift agreement manages donors' expectations and recognizes that it may be necessary to deal with pitfalls that arise, experts say. Take the following steps before you and a donor sign on the dotted line.

- Work closely with donors throughout the initial discussions to establish the criteria for how their donations will be used, to ensure it's in line with their wishes.
- Share gift guidelines and requirements with your donors, so they understand every aspect of your nonprofit's gift-acceptance processes.
- Show donors a sample gift agreement to spur questions and discussion about specific details of their own agreements, and be willing to revise as needed until all parties are in agreement.
- Help philanthropists make their expectations clear, and be sure to tell them how long everything is going to take and why, says Murphy-Phillips. "I'll tell them I want to make sure we're on the same page, and then I'll ask them to tell me what they just heard me say and if that sounds right to them," says Murphy-Phillips. "Sometimes what we say may be misunderstood, so I try to reiterate what we talked about, either verbally or later on in writing."
- Create a timeline for when and how a donation will be spent. This can go a long way toward avoiding problems down the line, says Brown. This is especially important for major donors

who come from corporate or entrepreneurial worlds, where projects may be completed much more quickly. Build space for delays into the timeline to give your nonprofit flexibility and to manage donors' expectations, says Brown.

- Develop a contingency plan in case organizational needs shift or other institutional challenges crop up, so the gift could be used for other purposes, as agreed on in advance, says Easley.

"I try very hard when working with donors to build in a lot of latitude," he says. "If the original project the gift was going to support is no longer possible, for whatever reason, I ask the donor if they would be comfortable leaving it up to trustees to decide a secondary purpose, or would they like to name a secondary purpose."

"By the time you get to the cultivation phase, you should know them well enough to understand their expectations and be able to talk to them about what's going to happen and when," says Brown. For the first few years after the gift is made, Murphy-Phillips says, it's smart to stay in touch with donors and load them up with as many details as possible. Her office sends donors reports that explain how their money is being invested and distributed. For cases in which a donor is endowing scholarships, for example, she makes sure the reports provide information on the students receiving them and what they are accomplishing.

Talking regularly with your donors about their investment in your organization should be a shared responsibility of top leaders, not just the development office, says Easley.

"Donors are looking to have an impact, so particularly with megagifts, how you engage people in that impact and keep them updated on progress is really critical," he says.



YOU'RE READY TO BUILD A QUALIFICATION PLAN THAT FUELS YOUR MAJOR GIFTS PROGRAM.

WHAT DOES IT TAKE?

- ✓ Analytics that help you segment your database and identify the right donors for major gift qualification
- ✓ Staff or volunteers to conduct qualification outreach
- ✓ Training on qualification activities
- ✓ Detailed timelines and call schedules that guide the qualification team's outreach
- ✓ A detailed call script that builds rapport by thanking donors and identifying connections that help you uncover their giving priorities, personal interest in the organization, and willingness to make a major or planned gift
- ✓ A protocol for capturing information learned in your donor database
- ✓ A process for moving qualified prospects into active management and disqualifying prospects not ready for major gifts management
- ✓ Metrics and reporting to track, measure, and improve your qualification efforts

Campbell & Company offers a flexible suite of qualification services to help you build an effective plan for prospect qualification, combining a multi-channel outreach strategy with a highly structured schedule and benchmarks.

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