

The Missing Link: Leadership Annual Giving

Most comprehensive organizational advancement strategies are built around the donor engagement and solicitation programs that constitute the traditional core of the giving pyramid, namely; annual giving, major giving, and planned giving programs. However, the most effective advancement programs also focus human and financial resources on implementing and expanding their distinctive and special Leadership Annual Giving programs.



As is reflected in the above pyramid, the Leadership Annual Giving program is one which bridges or links the broad-based annual giving program to the major giving, planned giving, and, ultimately, the principal giving programs. This link is so important to the health and effectiveness of your overall advancement program that our firm recommends treating it as a separate and distinct giving program. This [Bulletin on Advancement](#) explores strategies to initiate or enhance the effectiveness of your Leadership Annual Giving program.

More Than Strengthening Annual Giving

Your annual giving program is designed to invite annual repeatable and replaceable gifts from all of your organization's constituencies. In addition to raising funds each year, your annual giving program also should:

- ◆ Build a broad base of support for the organization from which major gift prospects can be identified;
- ◆ Create understanding and stimulate interest in the programs and services of your organization;

- ◆ Serve as the means to introduce first-time donors to your organization;
- ◆ Establish a regularity of giving opportunities for your donors so that habits of giving are encouraged; and
- ◆ Help create and strengthen a culture of philanthropy in which every gift is valued, regardless of amount.

While your annual giving program is designed to attract gifts from an ever-broadening donor base, it is not designed to generate the most charitable gift income for your organization. In fact, the annual giving strategies aimed at increasing the number of donors providing annual support are, in many ways, at odds with the strategies designed to increase total charitable giving income through your major, planned, and principal giving programs. The following example illustrates this point.

If you had the responsibility to increase the total number of donors for your organization, you would most likely implement strategies to retain current donors by inviting them to continue their giving at their current level and/or invite new donors to give smaller gifts. The thinking, of course, would be that more modest gifts would be easier for donors to make. In this way, you would increase the number of donors, but, at the same time you would almost certainly reduce the average gift amount per donor.

Conversely, if you were charged with increasing the total amount of charitable gift dollars over the next year, your most effective strategies would focus on a much smaller pool of donors with strong wealth indicators and invite them to give larger gifts in a much more personalized process. In other words, your total number of donors would almost certainly go down, but your average gift amount would increase dramatically.

This example highlights a well-known dilemma hidden within the traditional giving pyramid. The strategies and messages we send to annual gift donors are not the same, and, in many cases, are contrary to the strategies and messages we send to major, planned, and principal gift donors.

Therefore, a significant organizational challenge is revealed -- how to bridge the strategy and message gap between our annual giving programs and the giving programs that bring in the most gift income.

Enter the Leadership Annual Giving program.

While some advancement offices have personnel who have direct responsibility for Leadership Annual Giving programs, many offices do not. Regardless of your specific situation and the resources you have available, there are strategies you can employ to enhance your Leadership Annual Giving efforts. Before we move into those specific strategies, it is important to establish why such a program is one of the most important measures of overall advancement program health.

Leadership Annual Giving: A Key Metric of Advancement Program Health

One of the typical first questions a client organization asks a Gonser Gerber LLP consultant focuses on program assessment. Specifically, the question comes in some form similar to the following:

"How do our advancement program results compare overall with other organizations similar to ours?"

To answer such an important but broad question, we tend to focus on a few measures or metrics that have the most analytical power to gauge effectiveness. One of those measures is the trending number of Leadership Annual Giving donors over the last 3-5 fiscal years.

It is not necessarily the raw number of Leadership Annual Giving donors that matters as much as the trend of that number over the recent past. There are two primary reasons why this metric is an important point of assessment:

1. The trend helps clarify the degree to which advancement professionals are proactively and strategically inviting gifts from donors. We know that the best programs are the ones in which advancement professionals are specific and effective with inviting gifts. If the number of Leadership Annual Giving donors is trending up, it suggests that the advancement team is strategically and proactively asking.
2. The trend helps clarify the future breadth and depth of the major, planned, and principal giving pool from which the organization will seek larger gifts. Simply put, today's Leadership Annual Giving donors are your best prospects to be tomorrow's major, planned, and principal gift donors.

To help organizations grow the number of Leadership Annual Giving donors each year, we suggest strategies that are segmented, consistent, broad-based, and more personal.

Enhancing Your Leadership Annual Giving Program

To begin a Leadership Annual Giving program or to enhance the program already established involves similar strategies. Our firm would identify the following five factors as the most helpful in strengthening your program.

1. **Naming and Distinctive Logo/Wordmark** – Your Leadership Annual Giving program should be named and a distinctive logo or wordmark should be created and used consistently. Whether you use "Society," "Circle," or other nomenclature, you are inviting potential Leadership Annual Givers to join a group of donors that are exceptionally important to your organization today and in the future. Therefore, the program should have a name and visual representation that communicates status, organizational importance, and, even, donor exclusivity. One note about naming: Our firm has found that the organizations that have named (or renamed) their Leadership Annual Giving program based on the specific and distinctive history of the organization helps to create a sense of program specialness not found with more generic naming conventions.
2. **Giving Level or Levels** – This used to be an easy issue to address. For most every organization, the minimum giving level to be considered a Leadership Annual Giving donor was, almost universally, \$1,000. However, many Leadership Annual Giving programs are now entering into their 3rd and 4th decades of existence and the value of \$1,000 when the program was started is now worth far less. If, for instance, your program was started in 1980, the value of \$1,000 in 1980 dollars equals \$3,245 as of September 2018. Many programs, though, have not increased the minimum gift amount needed to join their Leadership Annual Giving programs. If your organization finds itself in this predicament, our firm's encouragement is not necessarily to increase the minimum gift amount to join, but to add additional Leadership Annual Giving levels to your program.

Instead of simply having one minimum gift level to become a Leadership Annual Giving program member, you would market a \$1,000 level, a separate level at \$2,500, another level at \$5,000, another at \$10,000, etc. In this way, you are making your Leadership Annual Giving program a more sophisticated and flexible program.

3. **Gift Restrictions** – Organizations raise annual gifts for a variety of reasons. Some focus almost exclusively on unrestricted, budget-relieving gifts. While other organizations invite a range of restricted gifts in support of non-budgetary priorities. Our firm's guidance is to celebrate all donors who give at the minimum gift level for your Leadership Annual Giving program, regardless of gift restriction or purpose. In other words, if your organization desires to have as many annual giving donors as possible make gifts that are unrestricted and budget-relieving, our firm's counsel is to be singularly-focused in marketing and inviting this type of annual gift. But, if a donor decides to give in support of some other initiative and does so with a gift equal to or greater than the minimum amount of your Leadership Annual Giving program, our firm's encouragement is to celebrate that donor as a member of your Leadership Annual Giving program. It is the amount of the gift, not the purpose of the gift, that qualifies the donor for being recognized as a Leadership Annual Giving donor.
4. **Consistent, Compelling Messaging** – Why should current annual giving donors increase their giving to join your Leadership Annual Giving program? Why should first-time donors seriously consider giving at the Leadership Annual Giving level? These are the two questions an advancement program must answer in order to grow the number of donors giving at the Leadership Annual Giving level. While it is fine to include boilerplate language such as, "Our Leadership Annual Giving donors provide the margin of excellence at our organization each year," you should not rely solely on such generic messages. Instead, communicating the specific ways in which Leadership Annual Giving donors enhance programs, services, or the entire organization through their gifts is the most helpful way to consistently extend broad-based invitations to give.

5. **Donor Benefits** – Once a donor makes the decision to join your Leadership Annual Giving program, what can she expect to receive as part of her stewardship? For some organizations, an invitation to the annual donor recognition event, or invitation-only receptions with organizational leaders, are the extent of specific donor benefits. However, there are other specific ways to steward these important donors such as:
 - a. Special parking privileges at events or at the organization in general;
 - b. Public recognition at events or via public displays;
 - c. Special "insider" communications from organizational leaders.

Once you have outlined your Leadership Annual Giving program specifics or identified ways to enhance your current program, you can turn your attention to inviting more prospective donors to join.

Inviting Prospective Donors to Become Leadership Annual Givers

An adage of our advancement work is that, "How we invite the gift is more important than the invitation itself." What this means, of course, is that who invites, the process of inviting, and even the timing of the invitation often has more influence on the response than what we are inviting people to do.

To grow the number of Leadership Annual Giving donors at your organization over time, implementing a plan that includes broad-based invitation strategies, as well as personalized invitation strategies is the most effective. With respect to broad-based invitation strategies, we have already discussed the need for a distinguishing name, a distinctive logo or wordmark, and consistent, compelling messaging for your Leadership Annual Giving program. We now turn our attention to how best to utilize these tools.

When attempting to enhance the results of your Leadership Annual Giving program, the details related to how you invite more donors to join the program matter significantly. For instance, printing direct mail invitation letters on heavy paper stock, live-signed by a senior administrator, and on letterhead that includes the logo and wordmark of your program adds a sense of specialness and distinction to the invitation.

Add to that presentation, the idea of sending the invitation as a non-folded, “flat” package in a 9” x 12” envelope and the organization is communicating something very different than the regular annual giving solicitation.

Using email strategies to solicit these gifts in a broad-based way can be helpful, but only if used as a component of the overall invitation plan. In other words, sending personalized email invitations that follow the direct mail invitation to become a Leadership Annual Giving donor is effective as a multi-channel approach. However, simply depending on email invitation results alone will most likely prove disappointing.

Similarly, using phone strategies to follow-up on direct mail invitations is more helpful than cold-calling a donor and asking them to give at the Leadership Annual Giving level. Having capable students and/or volunteers make these calls can also help disperse this follow-up work from being the responsibility solely of advancement team members.

The most effective strategies to increase the number of Leadership Annual Giving donors over time also will include personal invitations by gift officers. The most effective gift officers will use the Leadership Annual Giving level as a benchmark solicitation, even when visiting with prospective major, planned, or principal gift donors for the first time. In other words, ending a very positive discovery visit with the following invitation can prove to be an invaluable way to increase donor numbers while also assessing initial gift capacity. The gift officer might say the following:

“Thank you for your time today. It has been a joy to visit with you. As we’ve been talking, it occurred to me that you might be interested in being a member of our Leadership Annual Giving group. This is a group of donors who give at least \$1,000 annually and serve as the backbone of annual support for our organization. Is this a group you might consider joining?”

It is easy to see how such a question posed to a major, planned, or principal gift donor prospect will quickly provide the gift officer with more information about the prospect’s financial capacity and their willingness to give. If the prospect immediately agrees to the gift, that is the best sign of both. If, instead, there is a reticence of some sort, that communicates something less positive.

Regardless of whether the organization is inviting donors to join the Leadership Annual Giving group through broad-based channels or if gift officers are utilizing more personal, face-to-face methods, it is important to identify the donor characteristics that identify strong potential prospects. Four such characteristics are:

1. Donors who, in one of the last three years, have made gifts that total from \$500-\$999.
2. Donors who have given in the current fiscal year gifts that total from \$500-\$999. These donors would be invited to add to their current fiscal year gift total to get them to the \$1,000 minimum threshold. This is termed a “bump-up prospect” because the prospect has already been counted as a donor for the current year.
3. Donors who have given consecutively to your organization for at least seven years. Such consistent giving is an indicator of donor dedication and makes these donors quality candidates for joining your Leadership Annual Giving group.
4. Any individual who has made a planned giving commitment that benefits your organization, but does not give annually, or whose annual gifts are more modest. While some planned giving donors will not view themselves as capable of making a gift of this amount, extending an invitation to join this special group will regularly result in new members.

Conclusion

A year-over-year trend showing an increasing number of Leadership Annual Giving donors is one key metric of mature and effective advancement programs. Organizations that prioritize this program as one of the fundamental programs within advancement will experience current year benefits as well as longer term advantages.

By implementing a program based on thoughtful and creative marketing, the consideration of valued donor benefits, and including gift officers in the process of inviting donors to give at this level, your advancement program will be stronger and more valuable to your organization tomorrow and for years to come.