

The Four Fundamentals of an Effective Major Gifts Program

The size and structure of major gift programs vary greatly from organization to organization. Despite these variances, effective programs share fundamental traits that ensure those involved are meeting with the right people, discussing the right organizational priorities, at the right time, and inviting the right gift amount. In Gonser Gerber's experience working with major gift programs for more than seven decades, we have identified four fundamentals that successful major gift programs share.

1. **Continuous Identification:** A perpetual process of identifying those with the financial capacity to support the organization with a major gift.
2. **Persistent Prioritization:** An ongoing ranking/ordering of major gift prospects identified as having the capacity to give a major gift that results in assignments of the very top prospects to staff responsible for outreach and relationship-building efforts.
3. **Systematic and Personalized Cultivation:** A proactive, customized, and strategic plan of outreach to assigned major gift prospects in an organized and systematic manner aimed at moving prospects through formal stages of relationship-building with the organization that results in philanthropic investment in strategic priorities.
4. **Customized Evaluation:** A consistent review of the right metrics that create personal accountability and reward what is valued by the organization.

This issue of the *Bulletin* examines these fundamental traits of an effective major gifts program – a cornerstone for success in any comprehensive development program.

Three Ground Rules

Before delving into the fundamentals, there are three "ground rules" to keep in mind.

First, you must define a major gift for your organization. For some, a major gift is \$10,000. For others, it may be \$25,000, \$50,000, \$100,000, or \$1,000,000. This definition is critical because it provides a framework from which your major gift cultivation efforts are focused and because you must ask for at least this amount.

Second, always ask for something. If it is the first visit with a major donor prospect, then asking for a major gift is premature. Instead, ask for a return visit or consideration for an annual gift. Or ask them to visit your organization, to attend a special event, or for their advice and/or opinion regarding organizational plans.

Third, keep in mind that cultivating and soliciting major gifts is a process that takes time. Today's major gift donors were yesterday's annual fund donors. Patience and adherence to a customized cultivation plan for each prospective donor are keys to success.

1. Start with Identification

Using your organization's definition of a major gift as a guide, the first fundamental trait of successful major gift programs is an ongoing process of research and evaluation that identifies prospects believed to have the capacity to give philanthropically at the major gift level. In this step, the focus is on developing and maintaining a comprehensive list of prospective donors that a trustworthy source suggests can give at the major gift level. This list of prospective major donors is traditionally referred to as the "discovery pool." Building and maintaining a high-potential discovery pool requires a continuous process of research and evaluation.

Identifying prospective major gift donors should begin with those known to your organization. This can be accomplished by reviewing the database for giving patterns and constituent data that suggest the capacity to give a major gift. Start by setting a cumulative giving total and revise it lower or higher as needed. Next, consider single gifts and pledges of significance in past years or past campaigns. Also, review donors with a consistent record of support over many years. Finally, review constituent information that signals major gift potential, such as title, corporate position, affluent zip code, etc.

Some constituents with a great financial capacity to help have not been as active with your organization and may not be easily identified through the review of the data noted above. Accordingly, a comprehensive major gift prospect identification effort also regularly includes a third-party wealth-screening of your database.



While the core services of wealth-screening providers are similar, each vendor offers enough unique nuances that it is important to find the provider that best fits you and your objectives. For starters, you might consider verifying whether your database provider offers wealth-screening results that integrate directly into appropriate fields in your constituent records. Having these indicators available and easy to access within your database offers efficiency in reporting and convenience in prospecting and meeting preparation that may tip the scales for using your database provider for this service.

Bottom line: Determine what is important to you before seeking wealth screening proposals and use this criterion as your basis for selection. As you narrow your list of potential wealth-screening vendors, it may be advantageous to run a sample screening that includes known donors, and perhaps even you and other staff, to view results and reporting formats. Such a trial will spotlight the right wealth-screening vendor for you.

2. Prioritize Before Outreach

A thorough and ongoing identification process will yield a comprehensive list of prospective donors who provide the basis for your eventual outreach efforts. While this is a good start, this list must be prioritized before assignments are made for personal outreach. This can be done by:

- ◆ Sorting the list by one or more key data elements related to wealth indications and gift capacity.
- ◆ Conducting screening exercises with board members, campaign committees, and small groups of volunteers to review segments of the major donor prospects list and offer insight on whom they may know.
- ◆ Meeting individually with board members and other key volunteers to review segments of the major donor prospect list.
- ◆ Asking donors you trust and have formed strong working relationships with to review and rate prospects they are likely to know (e.g., community members, foundation and corporate board members, and executives).

The result of these identification and prioritization efforts will yield a discovery pool of prospective donors who have been qualified as having the capacity to help and prioritized for personal outreach by those involved with major gift cultivation at your organization. The next step is to assign these prospects to staff responsible for developing and executing cultivation plans personalized for each major gift prospect.

3. Conduct Systematic and Personalized Outreach and Cultivation

The third fundamental component of effective major gift programs continues the evaluation process by assigning prospective donors from the discovery pool to staff responsible for conducting personalized outreach and cultivation that further evaluates the capacity and affinity of prospects to give a major gift to your organization.

This process of intentional relationship building aimed at moving major gift prospects closer to the organization is referred to as a prospect management system.

The prospect management concept is a highly intentional, relationship-building system that helps development professionals move donors through the stages of information collection, relationship development, donor involvement, and gift commitment. A comprehensive prospect management system utilizes formal phases as filters for determining the management and cultivation of major donor prospects. It is an ongoing process comprising a sequence of steps that establishes and strengthens the relationship between the prospect and the organization.

Staff focused full-time on major gift cultivation work typically maintain a "portfolio" of 100-150 or more prospective donor assignments (depending on how discovery prospects are structured). Staff contributing to major gift cultivation efforts while also carrying out other administrative duties typically manage a portfolio of 75-100 prospects. Organizational leaders (e.g., Executive Director) involved in this work usually manage an even smaller portfolio of 25-50 prospects. Regardless of size, it is the responsibility of the portfolio manager to develop a personalized cultivation plan for each assigned prospect and execute the plan to the point of inviting a major gift.

A traditional prospect management cycle has four distinct phases.

1. **Discovery:** Once identified, major donor prospects are assigned to a primary person from the organization to lead the donor development process. When this assignment is made, the prospect is moved to the *Discovery* phase. In this phase, the person assigned is tasked with two primary objectives: 1) confirming the prospective donor has the capacity to give a major gift, and 2) confirming the prospective donor has the affinity to give a major gift to the organization. In addition to these primary objectives, answers to the following questions are sought as the interests of prospective donors are learned.
 - a. What is known about the donor and his/her interests?
 - b. To what extent is the prospect aware of your organization and its mission, vision, strategic priorities, people, and programs?
 - c. Who within your organization (staff and/or volunteer) knows the donor?
 - d. Who can provide more information about the donor and/or be an agent of influence?
 - e. If the donor prospect is philanthropic, what interests does he/she demonstrate?
 - f. What involvement with your organization might be of interest to the donor?
2. **Cultivation:** Prospective donors deemed to have the financial capacity and the philanthropic affinity to support the organization are qualified as major gift prospects and moved to the *Cultivation* phase. Information learned during the *Discovery* phase is used to develop a cultivation plan, which includes setting early goals for the amount, purpose, and timing of the eventual gift invitation. A customized cultivation plan must be developed for each major gift prospect, and it must be continually updated as more is learned about the prospective donor's interests. Plans should be developed or refreshed annually for each donor and updated regularly – as often as quarterly.

Next steps with prospective donors should be planned with at least one or two future contacts. Time should be set aside each week to schedule appointments three to four weeks in advance. Among the questions answered during this phase that informs the development of an individualized cultivation plan include:

- a. What clearly defined strategies should be utilized when asking an individual to consider making a gift to your organization?
- b. What projects, programs, endowment, and/or other strategic initiatives inspire the donor to commit their best gift?

There is no formula for how long the donor must be engaged to inspire him/her to give a major gift. For some, it could be as short as a few months. For others, it may be 12-18 months or even longer. An effective prospect management system will average six to eight proactive actions of outreach and engagement over a 12–18-month period before a major donor prospect may be ready for a gift invitation. Not all actions must be visits, but all must be planned and purposeful. Some examples include (but are not limited to):

- ◆ **Lunch/Dinner/Entertainment:** A social occasion hosted by someone at the organization. This can occur at a home, restaurant, club, or your organization.
- ◆ **Personal visit:** A visit by the portfolio manager or a joint visit with the portfolio manager and a key person at your organization. Preferably, this is an in-person visit. However, virtual meetings can be an adequate substitute when an in-person meeting is not logistically feasible.
- ◆ **Volunteer involvement:** This proactive level of engagement inspired the development adage, “with involvement comes investment.” Examples include involvement on the board or advisory councils/committees/task forces, serving as a mentor, or hosting an event, to name a few areas of meaningful involvement.
- ◆ **Visit to the organization:** Special tours, open houses, social or cultural events, and other special occasions can effectively bring prospects closer to the organization.



3. **Solicitation:** The process of asking for a major gift occurs long before reaching this phase. Identifying, discovering, and cultivating major donor prospects are equally important to success as the solicitation itself. When each of these phases has been successfully carried out, the relationship between the prospective donor and the organization is at its peak, and the prospective donor is deemed ready for a major gift invitation. As a best practice, gift officers seek permission from prospective major donors to bring a proposal to the next visit. In these instances, the donor prospect is moved from the *Cultivation* phase to the *Solicitation* phase.
4. **Stewardship:** Once the gift is committed, the donor moves to this final phase of the major gift cycle. Effective donor stewardship takes three forms: 1) timely acknowledgment of the gift, 2) appropriate recognition for the donor, and 3) ongoing articulation to the donor of the impact their gift has had on the organization.

A successful prospect management system requires planning, strategy, and timing to move prospects to the commitment of a major gift. The evolving nature of the prospect's relationship to the organization and his/her stage in the prospect management cycle must be assessed regularly. The burden rests on development staff to plan a cultivation strategy and ensure the cultivation steps are appropriate and well-coordinated.

It is paramount that all outreach activities are documented in a timely and thorough fashion in the organization's database to ensure continuity when staff turnover occurs and for ongoing assessment and evaluation of the prospect management process. This brings us to the final fundamental trait of an effective major gift program.

4. Evaluate (and Reward) What is Important

How can we increase the most productive development activities and create an environment which attracts and retains the best possible team members? Through the implementation of performance-based metrics.

While there are some common development performance-based metrics, what one organization measures as success does not necessarily equal success at another. It is important, therefore, to start with a definition. Consider this as a starting point for defining the purpose of performance-based metrics at your organization: *A set of values-based, organization-specific, quantifiable measurements designed to encourage, assess, and reward the best possible team and individual development performance.*

Once defined, the next step is to implement metrics that align with what your organization values in good development work. Examples of the types of metrics that can be evaluated and rewarded on an ongoing basis are:

- ◆ Contacts (emails, phone calls, text messages, etc.)
- ◆ Visits (face-to-face)
- ◆ Activity by Prospect Type (new/current/past donor)
- ◆ Activity by "Move" (discovery/cultivation/solicitation/stewardship)
- ◆ Proposals Extended for Annual Fund Leadership Gifts/Major Gifts/Planned Gifts
- ◆ Gift Commitments (current/deferred)
- ◆ Dollars Raised

The right blend of metrics should match what you value and wish to emphasize and reward, and these metrics should be reviewed regularly – ideally during regularly-scheduled prospect management meetings.

In conclusion, when the four fundamental traits of an effective major gifts program are in place and regularly practiced, organizations will realize a virtuous cycle of positive major gift results. Over time, these results will yield philanthropic investment in the strategic priorities that strengthen your organization's mission and help move you closer to achieving your aspirational vision.