

funds**2**orgs™

# The Essentials

## of Major Gift Fundraising

### Part 1

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Were you aware that the most generous segment in philanthropy are individuals? Yet, one of the most challenging areas for nonprofits and charities is to develop and grow a thriving major gifts program.

Many nonprofits focus their time and energy in doing events, which have significant costs to them. When you run the numbers, it's not unusual to have the expense to revenue ratio be in the area of \$0.30 to even \$0.40 to raise \$1.00. However, it typically costs nonprofits approximately \$0.10 to raise \$1.00 from individuals.

Additionally, the time from initial prospecting to the close on a gift can be significantly less than it is for grant requests, which is another area where many small organizations spend a lot of their energy. On average, nonprofits should expect new grant requests to take as long as 9 to 12 months. In comparison, you can close a major donor gift between 3 to 6 months.

Incorporating a major gifts program into your small or medium sized nonprofit makes a lot of sense, and there's no reason it should be only a revenue stream for large organizations. In 2016, according to *Giving USA*, this is what the philanthropic picture looked like:

- \$390.05 billion donated to charity.
- Individuals gave \$281.86 billion, which represented 72 percent of all philanthropic giving.
- Individual giving rose nearly 4 percent over the previous year.

So, how do you develop a major gifts program if you have a small shop with limited resources? That's what this resource paper, which is part of a two part series, will look to explore.



### What Makes a Major Donor?

The first step you should take in developing a major gifts program is to understand why people give at a significant level? Of course, major gift prospects are not a monolithic group, but there are some core reasons why major donors get involved in charitable causes.

1. **Altruism:** Americans come from a culture of philanthropy. We're the most generous country on earth. Major donors are people who value making a difference in society and trying to make issues they care about (e.g. health, education, the environment) better for their communities and even the world. Major donors subscribe to the idea that giving is something that's good for society, but also for them because it makes them feel good.
2. **Legacy:** Many major donors care about legacy, which is why you see so many of them naming buildings or programs. It's part of the human condition to want to be remembered. Philanthropy provides an opportunity for major donors and their families to be recognized and even remembered through the years as charitable and generous people who made a positive difference for others beyond themselves and their families.
3. **Values:** Often, major donors are passionate about a particular issue, and they understand that they have the ability and financial resources to make a real change for the better. Supporting a cause that's close to their heart

offers them an opportunity to align their interests and values with action.

4. **Paying It Forward:** Sometimes major donors have been the recipients of a service that they highly value. For example, perhaps he or she was well-cared for and with the support of a great medical team, they were able to overcome cancer. In gratitude, they want to help the hospital or a research group to make life better for those affected by cancer. Or, perhaps their parent had humble beginnings and attended a small grammar school, and the donor wants to honor their mother by starting a scholarship program at the school. Paying it forward is a way that people with significant financial resources can thoughtfully express their gratitude, honor someone and also continue the good work for others done at an organization.
5. **Taxes:** Finally, major donors (and everyone else) care about taxation. While giving to charity for tax advantages is not usually a primary motivator for major donors, it is a reality. Often major gift officers hear from a donor as they're negotiating a gift that the major gift prospect has to speak to his or her tax advisors. Charitable giving does have tax advantages, and it is, in fact, important for donors to understand how they will benefit as they work to make a significant contribution.

Finally, as every good fundraiser knows, a major donor gives a gift at a specified level because they were asked. More than likely if you work at a small nonprofit organization, you have major donor prospects within your reach. They might be giving you \$50 or \$100, but they have the capacity to give you \$5,000 or more. Be aware that major gift prospects can be found anywhere.



Here's my "pizza major gifts" story: The average cost of a pizza in the U.S. is about \$13. We all love pizza. Don't you agree? Now, let's say some families eat two pizzas a month. That's \$26. If instead, they decided to give you the \$26 on a monthly basis, the total contribution for a year would be \$312, which likely falls within the major gifts prospect range of many small charities. Whether they choose to give up their pizzas, is another story, but hopefully, they can donate to you and have their family pies.

Catch my drift? Do the math and play with the numbers and you begin to see that major donors don't only have to be the Bill Gates' of the world.

### Major Gift Basics

I hope you realize that even if you work at a small organization with a budget of less than \$100,000 that you can, indeed, create a major donor program. Candidly, I don't know of any circumstance where it would be counter-productive for a small or medium sized organization in need of funds and that wants to go from surviving to thriving that wouldn't benefit from reaching out in a sustained effort to major donor prospects.

We've discussed the qualities found in major donors, now let's get to what you need within your organization for major donor fundraising success.

1. **Leadership:** The foundational ingredient is leadership. There has to be a commitment by the executive director

and the board of your organization to support a major gifts program. To launch any program off the ground takes time, and what often happens is that people begin to get frustrated when they don't see it raining money quickly. Big mistake. Your efforts will pay dividends, but major gifts fundraising is like any other type of fundraising. It doesn't happen magically; it takes work.

The leadership team at your nonprofit or charity have to decide that they are going to make a concerted effort and devote the time to laying the ground work for a major gifts program and then consistently execute on the plan.

It's also essential to remember that raising money from major donors is a team effort. Major donor prospects *want* to speak to leadership. It's very rare that major donors will give a gift without having some conversation with the executive director or perhaps even members of the board of trustees. Wealthy people remain rich because they're comfortable talking about money and they don't tend to mispend it. They want to know that your organization—even if it's small—is worthy of their money. To them, their gifts are more of an investment.

Don't make the error that many organizations make by laying major gifts fundraising at the feet of only the fundraiser. That person will certainly help you develop a plan and manage prospects, but major gifts prospects and donors want to develop relationships with the individuals in charge and leaders.



2. **Strategy Development:** Once leadership has committed to creating and developing a major donor program, you'll want to formulate a strategy. A plan helps you define the goals and tactics that you'll use to raise money from major donors.

For example, you might decide that you want to raise \$25,000 to get started from major donors. That's your overarching goal for the year in your new effort. Your strategies will then follow from there. How will you achieve that goal? Let's say, for example, that the board, collectively, agrees that they will raise \$5,000 toward that goal through their outreach. That's a strategy. Other plans may include that you'll have a cultivation event hosted by a board member at their home (so your organization does not have that expense). After the event, you will assign the executive director, board members, and fundraisers to reach out to individual attendees to begin a formal cultivation process.

Strategy development includes everything from who is responsible for how much on the fundraising goal, to how research is done, to the activities used to cultivate, solicit and steward donors. If you're interested in learning more about major donor work, I invite you to obtain my book, "Not Your Father's Charity: How to Dominate Your Fundraising to Create Your Success." It's available at cost on [Amazon](#) or for free on the [Free Resources page of my Not Your Father's Charity blog](#).

3. **Research and Prospect List Development:** Once you've settled on your strategy, the research and prospect list development begin. The easiest way to do it is to look at your current list of donors. If anyone is giving you above \$250, they could potentially be a prospect for your major gift effort, depending on the size of your organization. Once you've flagged donors who've given \$250 or more in total in any of the last three to five years, there are other ways to source and develop a prospect list:
- Ask your board members for the names of individuals who have the *capacity* to give a major gift.
  - Research other similar types of nonprofits and see who is supporting those organizations. As you start to develop a list of names, examine Google News to see if there are any media stories on these donor prospects so you can get a sense of organizations they support, at what level and why.
  - Ask yourself, who are prominent leaders in my community? More than likely affluent business and civic leaders are philanthropic or connected to individuals who may care about your particular cause.
  - If you receive significant funding from a foundation, corporation or individual, make an appointment with them. Tell them that you're looking to develop a major gift program and would appreciate their thoughts on how they might be able to help you. Perhaps they can host an event or suggest some key people with whom you should be speaking. To show them how serious you are in your efforts, feel free to share your major donor plan with them and ask for their feedback. People like to provide input, and it's a great opener for a deeper collaboration.
  - Did you know that donors to political campaigns are [more likely to support philanthropic causes](#)? There are free tools to see if anyone you're researching has given to political causes. The Federal Election Commission has a free [Individual Contributor Search](#) tool.

A good rule of thumb is to have at least three donor prospects for every one major gift you will secure. Meaning, you'll want to have as robust a list as possible.

Finally, determine who would qualify as a prospect. Qualification is different depending on each organization.

1) If they are "warm prospects" (e.g. close to you), that helps them get up higher in the qualification ratings for you. 2) They should have the capacity to give at the major gift range you've determined (e.g. a gift of \$500 or \$1,000 or more). There are tools for this kind of research, but if you're just getting started, the Internet is a great resource for making educated guesses.

4. **Reason (Case) for Support:**

When you ask for any financial donation, you should always have a clear reason as to *why* people should support your cause. It's not enough to say that you're "helping kids" or "rescuing dogs." You want to build a concise, but a strong case. You'll want to prepare collateral material about your story that threads through the facts about what you're doing.

Think about what statistics you can use to support the



wonderful story you have to tell. How many children or animals, for example, are you serving? What are the costs associated with the work you're doing? How much money do you need to improve or expand your program? How is more money going to do to help you provide better services to the community? Ask yourself every question you can think of and brainstorm your case with your team. Trust me; your prospects will raise these same issues and maybe even more with you when you begin to speak them.

Finally, as you get your story, facts and statistics together, create content that is concise, visually appealing (perhaps for a presentation on a tablet or in a nicely bound leave-behind) with many pictures so when you begin to meet with donors, you have it in a way that's easy to present.

As you ensure that you have all of the essential elements in place for your major gifts program, get yourself in the right frame of mind.

Remember that you want to put your best foot forward. You'll begin your efforts by doing some "friend-raising," which is the cultivation and engagement of prospects. Any fundraiser knows relationships is fundamental to creating awareness and raising money for a good cause.

In the next part of this two part-series, we're going to get into the nuts and bolts of the major donor process. It will include cultivation, the development of a major gift proposal, *making the ask*, and taking care of your donors after they've made a donation, so they're more apt to give again. Stay tuned.



### About the Author

Wayne Elsey has changed lives around the world. He is the founder and former CEO of Soles4Souls, a nonprofit that helped put over 20 million pairs of shoes on the feet of those in need in response to some of the world's largest natural disasters. He also grew this organization from zero to over \$74 million in fewer than 5 years. Today, his company, Elsey Enterprises, offers consulting, fundraising and business services for nonprofits, social enterprises and for-profit organizations looking to make a large social impact. He accomplishes this through the independent brands of Elsey Enterprises: str@tegic, Not Your Father's Charity, Funds2Orgs, Sneakers4Funds, Shoes With Heart, CELG Freight and SocialGoodU, an online education platform for learning all things related to the social sector.

A nationally recognized authority on nonprofit and social enterprise leadership and topics related to motivation, business, and personal success, Wayne's dedicates his life to business projects that have a humanitarian impact. He also seeks to educate and inform social sector organizations, philanthropists and entrepreneurs on the latest trends in the industry through public speaking, consulting and as an author. His network appearances include NBC Nightly News, Good Morning America, Today Show, & Fox News, and he's also a member of the Forbes Business Development Council.

As a thought leader, all of Wayne's books (available for cost on [Amazon](#)) dissect various business principles and teach readers that much of what is learned across multiple disciplines can be applied strategically and thoughtfully to the nonprofit sector. In his first best seller, *Almost Isn't Good Enough*, Wayne shows readers how to be successful in the social sector and not suffer financial hardship. His philanthropic ethos is to go from surviving to thriving.

With his subsequent, *Not Your Father's Charity* book series, Wayne touches on the most important topics and issues based on his years of experience and success in the social sector. Books published to date include topics related to marketing, fundraising, leadership and the state of overall philanthropy. Wayne also published a motivational book, *Get Off the Couch: Grip & Rip and Break the Barriers Holding You Back in Life*, which is a resource of practical and no-nonsense advice and counsel for those who want to overcome obstacles that seem to be in the way of reaching their full potential.

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