

Getting Major Gifts:

The Basics

by Kim Klein

There are only two absolutes in fundraising:

- in order to raise money you have to ask for it
- once you receive the gift, you should thank the person who made it.

In studies asking people, “Why did you make your most recent donation?” 80% have answered, “Because someone asked me.” Of that group, only 50% can remember the name of the organization they gave to, but almost all of them can remember something about the person who asked them, even if that person was a stranger. The lesson here is that your chances of getting a donation are highest when you ask someone for a gift in person. Further, the likelihood of donations being repeated and upgraded is also much higher with such personal contact.

In organizations committed to having a diverse base of funding, about 60% of their general operating income should come from about 10% of their individual donors. This releases them from being overly reliant on foundations, corporations or government monies. Obviously it is too unpredictable to ask people randomly, so to achieve this goal, a systematic plan must be developed specifying how many gifts are needed, whom to ask, and how much to seek from each donor. In fact, up to 60% of the time spent on individual donors should be spent identifying this top group, increasing the number of people in it, and seeking to increase the size of gifts people in that group are making.

This article discusses each of these aspects of the major gifts process. Using an operating budget for a hypothetical group, we will show how to determine the gift ranges required to meet the goal. First, it is necessary to understand how to create a gift range chart.

The Gift Range Chart

It would be ideal if you could say, “We need to raise \$50,000 so we are approaching 2000 people to give \$250 each.” Then you send a letter to 2000 people who have been known make gifts in that range, phone them after they receive the letter, even visit some of them, and get your money. Unfortunately, 2000 people will never act the same way. Some of them would give less than \$250, some much more, and most would give nothing at all.

Over the years, fundraising experts have observed a pattern of how gifts come into organizations. A few people are willing to give large sums of money; a few more people will give slightly smaller sums; and many people will give much smaller amounts. Based on that pattern, it is possible to plan how many gifts you should seek and in what amounts to meet any fundraising goal, and how many prospects you will need to ask to get the total number of gifts you need.

The pattern we have observed is this:

- 50–70% of an organization’s income comes from 10% of its donors
- 15–25% of the organization’s income comes from 20% of its donors
- the remaining 15–25% of the organization’s income comes from 70% of its donors.

In other words, you will get a great many small gifts, but most of your income will be from a few larger donations.

A second observation concerns gift size. Generally one gift needs to equal 10% of the goal, the next two gifts need to equal the next 10% of the goal, and the next 3–5 gifts need to equal an additional 10% of the goal. After the top 30%, the

group will have greater numbers of gifts in lower amounts as we go down the chart. The specific number of gifts of each amount depend on a number of variables: where the group is located (a rural group will generally have fewer small gifts because they don't have the population to have thousands of gifts in one category); how many people you have working on the campaign (the more people you have, the more people you can ask); what your experience raising money in this way is, and so on.

Let's look at an example. Suppose a group has a budget of \$100,000 and decides to raise \$50,000 from individuals and \$50,000 from foundations. They will raise the \$50,000 from individuals using a variety of grassroots strategies, such as direct mail, special events, and major gifts (defined as any gift of \$100 or more).

Of the \$50,000 they need from individuals, they will raise \$30,000 — 60% of the money they need — in gifts of \$100 or more from 10% of their donors, using the major gifts solicitation techniques described here. They will raise \$10,000 from donors giving \$25–99, which will be about 20% of their donors, using direct mail. They will raise the remaining \$10,000 in gifts of all sizes, mostly \$1 to \$50, from about 70% of their donors using raffles, special events, T-Shirt sales, and so on.

They can plot out how many gifts of what size they will need to make their goal, using a tool that is called a "Gift Range Chart" (see the example).

GIFT RANGE CHART

Goal: \$50,000

GIFT AMOUNT	NUMBER OF GIFTS	NUMBER OF PROSPECTS NEEDED	TOTAL	CUMULATIVE TOTAL
\$5000	1(10%)	4	\$5,000	\$5,000
2500	2(10%)	8	5,000	10,000
1000	5(10%)	20	5,000	15,000
500	10	30	5,000	20,000
250	20	60	5,000	25,000
100	50	150	5,000	30,000
TOTAL: 88 major gifts (10% of donors and 60% of \$)				\$30,000
\$25–99	≅175	varies w/ strategy	\$10,000	\$40,000
\$1–50	≅600	varies w/ strategy	\$10,000	\$50,000

The Gift Range Chart is to be used as a planning mechanism, not a blueprint. Its purpose is to guide you in figuring out what kind of major gifts you will need to solicit in order to meet your goal. The numbers can be changed, the ranges moved up and down, depending on the group.

Whom to Ask, and for How Much

Once the gift range has been established, you can proceed to figure out where to find prospects. Ideally, you would start by concentrating on getting the top gifts and work

down. However, you can also start with the highest gift you can get and work up from there. Most people have friends of equal or slightly higher economic well-being. If you are a person who can give \$250, you will know five more people who can also give that amount, and a few able to give \$500. In turn, the \$500 donors will know five more people able to give \$500 and a few able to give \$750 or even \$1,000. The higher you go in this "circle of wealth," the fewer people there are, and the more likely they are to know one another.

To find prospects, then, test the proposition that the group is worth supporting by starting with yourself. Make a gift that is large enough that you can feel it, and that you can feel good about it. Now ask yourself who you know who cares as much about the cause as you do and could give that much or more. One way to help people to give a larger amount than they may feel initially able to give is to encourage them to make a pledge. Almost any employed person can give \$100 by paying \$8 per month. Many people have found that they can make much larger gifts than they have before if given a chance to spread their payments over a year. Recognizing that being a large donor is not the exclusive province of the upper class, you begin to find a number of prospects among your own friends and acquaintances.

From yourself, you can move out to the Board of Directors and other volunteers or staff in the organization. Statisticians tell us that every person knows 250 people—no doubt some of these people can give large donations.

Another place to look for prospects is your current list of donors. What is the highest gift you have received, and how did it come about? Do you now have donors who have given \$100 or more? It is not unusual for people to send in \$50 or \$100 from a mail appeal, and sometimes people send in large donations based on a radio program or other publicity. If any of these people are in your area, it is perfectly legitimate to contact them to renew their gift and to ask them to give you the names of five to ten people they think could also give a gift. Ask first if they will ask their friends; if they don't feel comfortable asking, then ask if you can use their name in contacting their friends.

What to Look for in a Prospect

You are looking for three things in each prospect:

Ability: Evidence that a person has the ability to make the size of gift you want

Belief: Evidence that a person believes in your cause, or would if they knew about the cause

Contact: Evidence that a person knows someone in your organization, so you can establish contact with them.

When you have positive information about ability, belief and contact, then you have a "qualified prospect"—that is, someone who can be asked for a gift. For obvious reasons, we call these criteria ABC, but in order of importance, they are CBA, and we will examine them in that order.

Contact: The most important factor is contact. If you don't know the person or don't have access to them, then you have a stranger and not a prospect. That's why you start with who you know. You know three kinds of people: those you know personally, those who are known by people you know (you might gain access to a person in this category by using the name of someone you both know), and those who are currently donors. Though you may not personally know each current donor, you can call any donor and say, "We don't know each other but we have in common that we support Verygood Group." Many of your best contacts are going to come from people who give money already.

Belief: Ask yourself if there is any reason that the potential prospect would not believe in your cause. Groups working for social change often think that a person won't believe in their cause when in fact the prospect has no opinion one way or the other. They may not have heard of the group, or possibly even the issue, or don't see how the issue affects them.

Sometimes a person may not recognize that their own beliefs are represented by a group because of how the issues are presented. For example, an organization working to keep abortion legal ran into problems at a meeting in a small, politically conservative community when it described abortion as a vital feminist issue. This language did not resonate with the audience. However, when a leader in the organization said, "The government should not make these decisions for us—a woman should make a decision about the outcome of a pregnancy for herself," the meeting participants applauded loudly. Though they supported legal abortion as a right of self-determination, they did not identify their support as a tenet of feminist ideology. Several large contributions to the abortion-rights group subsequently came from that community.

In a second example, a man living in a small town was approached for a donation by a suicide-prevention group. The person asking him had not done any research on this prospect, but was able to make an appointment through a common acquaintance. In fact, the prospect believed suicide indicated a weak character and was, furthermore, more of a problem in big cities. He listened politely and noncommittally as the solicitor described the global nature of suicide, using as examples numbers of suicides in Los Angeles, New York and London. He was sent away with a token donation.

Later that year, another person did more research on this prospect and learned that the prospect was a member of the local Chamber of Commerce and was active in civic affairs. He had lived in this community all his life and owned a great deal of real estate there, much of which had been developed as suburban housing. This solicitor made an appointment to see the prospect and told him exactly how many suicides and attempted suicides happened each year right in that town. He pointed out that some of the suburbs had high suicide rates for no apparent reason. The suicide-prevention program, he explained, proposed to address the

problem of suicide locally by having on-call counselors available at churches and libraries and by launching a large poster campaign telling people how to reach these counselors. Posters would be hung in grocery stores ("Two of which are yours," the solicitor commented) and other public places. The solicitor then asked the prospect to underwrite the entire campaign. He walked away with a check for \$10,000—exactly what was needed. Obviously, this prospect is not interested if the entire city of Los Angeles kills itself. What matters to him is what happens in his community.

A great deal of money is lost through assuming a lack of belief on the part of a potential prospect. More often, belief can be uncovered by bringing the cause closer to the prospects' personal experience.

Ability: The first question to ask about ability is not how much money the prospect has, but whether he or she gives away money at all. Many people profess to be committed to the health of the environment, or women's rights or civil liberties; however, if they do not make financial contributions to groups representing those causes, they are not good prospects for them. We know that about seven out of ten adults are donors. If your potential prospect is not one of those seven, she or he is not a prospect.

Sometimes people wonder how they can find out if someone is a donor. There are several ways. In the course of a conversation, you could talk about a group you give money to. "I give money to the Park Heights Free Clinic, and I saw in their newsletter that they are going to have a mobile unit. Isn't that great?" Your friend might then share, "I heard about that at a board meeting of Options for the Aging." If your friend is on a board, he or she probably makes a gift to that group. You can also ask if someone belongs to a group in the context of a conversation about something that group works on. If the person says yes, you know that he or she has given to that group.

Many organizations publish a list of donors in their newsletter—search through those. If your community has a symphony, opera, or theater, most have a page in each program listing the donors or patrons. You can request Annual Reports from groups similar to yours — many of them list at least their major donors. From these, you may find out if the person donates. If they do, your task is to help them decide to donate to you.

Once you have determined whether the person is a giver, you now must decide how much to ask for. Don't go by the most obvious signs, such as the type of car the prospect drives or the size of his or her house. These are as likely to be signs of debt as of wealth. The most telling evidence is how much they give to other groups. Do they attend events that cost \$100 for a ticket? Do they have season tickets to the local theatre or basketball series?

Next, you can look for evidence of what they would spend spontaneously. For example, would this person ever spend \$100 or \$200 on one item of clothing? Does this per-

son buy art or antiques? Do they ski or scuba dive, or have other expensive hobbies? Do they eat out often in expensive restaurants? Now compare what you know about what this prospect gives and how they spend money against the sizes of gifts you need in your gift range chart. Finally, take into account what the prospect knows about your group. For example, suppose a prospect gives \$1,000 to her favorite organization, which has similar values to your group. She has never given to your group, but a board member knows her and is willing to ask her for a gift. You have a qualified prospect, but don't start by asking for \$1,000. That is what she gives to her favorite group. What will she give to a group she has never given to before? You should ask her for something in the \$100 to \$250 range.

The prospect form shown here gives you a way to gather information on prospects systematically. You may wish to design your own form with questions specific to your community or organization. Once you have this information, you are ready to solicit this prospect.

It is important to remember that you only need one prospect to begin solicitation. As you get to know your donors, ask them for names of other donors. For prospects who live far away, write or call them. Local prospects can be visited.

A donor program builds on itself. With careful research, accurate records, and the willingness of volunteers to do face-to-face soliciting, any organization can have a successful major gifts program. ■

PROSPECT FORM — CONFIDENTIAL

Date: _____ Compiled by: _____

Prospect name: _____

Address (Business & Home): _____

Phone: _____ Fax: _____ E-mail : _____

ABILITY:

- Evidence that this person is a donor (*Include names of groups and amounts given, if known*):
- Organizations this person is involved in (*Be as specific as possible about degree of involvement: "Active in Justice Now" is not as helpful as "Attends monthly meetings of Justice Now, serving as recording secretary. Also in charge of yearly auction for the last three years."*):
- Giving History (*Both to your group, and to other groups.*):
- Occupation:
- Length of time in current occupation or with current employer:
- Income sources:

BELIEF:

- Note source of information about what this person believes (*For example, "Karen Smith heard this prospect speak at a school board meeting in favor of a pro-gay rights curricula" is more useful than "Pro-gay/lesbian rights."*):
- In a committed relationship? if yes, partner's name:
- Children: How many and what age:
- Personal history with our program or similar programs:
- Knowledge about our group (*What aspect of our organization will be most appealing to this prospect?*):

CONTACT:

- Whose name shall we use in approaching this person?
- How will this prospect wish to be approached? (*For example, by two people, by board only, prefers to meet Executive Director, etc.*)

CONTACT & CULTIVATION RECORD (including solicitation efforts):

- Date:
- What happened:
- Who did it:
- What should happen next: