How to Create a Major Gifts Program in 5 Easy Steps

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ABOUT NETWORK FOR GOOD

Since 2001 Network for Good has been instrumental at helping tens of thousands of nonprofits raise more funds by engaging supporters and donors in a more meaningful and impactful way. Refreshingly easy to use Donor Management Software, Fundraising Pages, and Personal Fundraising Coaches provide nonprofits with a complete fundraising solution, reducing their need for disparate systems, saving them time and enabling them to raise more funds to support their mission.

Follow the 80/20 Rule

It's no secret that major gifts have a significant impact on all nonprofits, regardless of the organization's size or budget. While major donors make up a small segment of a nonprofit's donor base, they account for a large percent of the total contributed income.

Most organizations experience the 80/20 rule—80% of donation dollars come from 20% of donors. By applying this rule of thumb to your own work, we recommend dedicating 80% of your efforts to cultivating that most generous 20% of donors.

Why Create a Major Donor Program

Major donors warrant special attention. After all, it's not every day you ask someone to give you $10,000. Cultivating those relationships takes time. Due to the significant impact one major donor can have on your total fundraising goal, it is essential that you give them the appropriate attention that will ensure their continued interest in your work.

A sweeping intergenerational wealth transfer will be underway during the next 40 years as Baby Boomers pass on their wealth to their Gen X and Millennial descendants—generations that have proven their desire to engage with organizations making the world a better place. They are hungry for opportunities for activism, and willing to put their money where their mouth is through charitable giving. Your responsibility is to make sure your organization is prepared to cultivate these up-and-coming major donors.

This eGuide outlines the process you can take to create or revamp your major gifts program. These five easy steps will introduce you to an approach you can use to identify, cultivate, solicit, and steward your best donors.

This guide was written by R. Daniel Shephard, CFRE, Principal of The Shephard Group, with editorial assistance from Linda Lombardi at Network for Good.

STEP 1:

Identify Your Major Donors

What is a "major gift"?

How do you define "major donor" or "major gift" within your organization?

What constitutes a major donor or major gift will differ from organization to organization. A small nonprofit may consider $5,000 or above a major gift; while a university may be looking for gifts of $50,000 or above. Whatever your figure, major gifts will be the largest donations your organization receives during the year.

If your organization hasn't selected a threshold amount, consider taking these steps to identify one today:

- Generate a list of all your donors and all the donations they made to your organization last year.
- Sort the list with the biggest gifts (and donors' names) at the top.
- Calculate the total fundraising dollars received last year and then calculate 75% of your total.
- Starting at the top, add up gifts until you hit that 75% number. Then, count the number of donors (not donations) who contributed to that 75%.
- If this number is too big, shorten the list to identify the number of individuals and key institutional donors you choose to manage as your major gift prospects and donors.
- Identify anyone you'd like to include on this list based on their leadership, gift potential, lifetime giving, deferred gifts, etc.
- Don't forget your board members! Whether yours is a working board or a fundraising board, adding them to this list will help you grow their fundraising capacity.

Identify those with the greatest giving potential

Now that you have the threshold amount, the next step is to determine your organization's most promising donors that will contribute to that amount. A scoring model is a good way to determine who on your list you should contact first. Our scoring model is based on six categories. For each person, note your points for each category as suggested below, and then total them at the end.

1) **Relationship to Your Nonprofit (student/client/patient/patron/etc.):** Has the person been a recipient of your programs and services? Add a point for each year of activity, or for each occasion.

2) **Activity with Your Nonprofit (board member, key volunteer, event attendee, etc.):** The recency and frequency of involvement can tell you a lot about a person's interest. Add a point for each activity within the past three years.

3) **Birthdate:** Age may be an indicator of a person's available assets. While Baby Boomers may be thinking about their legacy, Gen Xers may now be established in their careers. Prospects with school-aged or college-aged children may not have disposable income or assets to donate at this time. On the other hand, retirees may be in a better position to give. Try assigning a point for each decade a person is over 40.

4) **Giving History:** Among those donors who haven't made major gifts, consistency may be more valuable than gift amounts. Scoring this element is simple. Award a point for each consecutive year a person has made a gift.

5) **Employer:** Is there potential for a corporate gift as well as a personal one? Add a point.

6) **Professional Title:** This can be especially valuable if your prospect is the owner or principal of the company and therefore a key decision maker. Score a point here.

This process may seem straightforward, but things are rarely as simple as we wish. You may find it easy to manage this sort of research for a list of several dozen names. Scoring hundreds, or even thousands, of people is another thing entirely. So start with what is usually considered the most valid factor: giving history.

Sort your donors based on years of consistent giving. Look for your most loyal donors over the past three to five years. If the number you identify is too large, run it again based on lifetime giving amount. Start at the top of that list.

STEP 2:

Put Major Donor Tasks on Your Calendar

Now that you've identified your major donors, the next step is deciding how much time you will need to commit to building and strengthening these important connections.

Here's a brief outline of what it takes to complete a single visit with a major donor or prospect. **And remember—almost no significant gift is secured in a single visit.**

- **Securing the appointment:** Plan for 30 minutes of making phone calls to secure one appointment. That includes leaving voicemails, speaking with gatekeepers, and scheduling the meeting. Set aside blocks of time each week for these calls. Prioritize and protect this time!
- **Preparing for the meeting:** You'll usually want 30-60 minutes in the days leading up to the visit to conduct research, prepare pertinent materials, and plan for the visit.
- **Ensuring enough time for a productive meeting:** Budget two hours for the visit and don't forget to leave yourself adequate time to travel to each appointment. If you're scheduling several meetings in one day, leave extra time between appointments so you don't have to rush the end of a valuable conversation.
- **Conducting follow up:** Plan for up to an hour post-visit for follow-up correspondence, internal coordination, planning next steps, etc.

Using this outline, you should budget four to five hours per major gift appointment. While this isn't time spent all at once, it will impact your overall work week. This means approximately 10%-20% of your working hours should be committed to major gift fundraising.

For best results, try to schedule at least two face-to-face visits each week. These can be discovery visits or stewardship visits. It doesn't matter where you start or with whom you meet—all that matters is that you start, and that you commit to your goal.

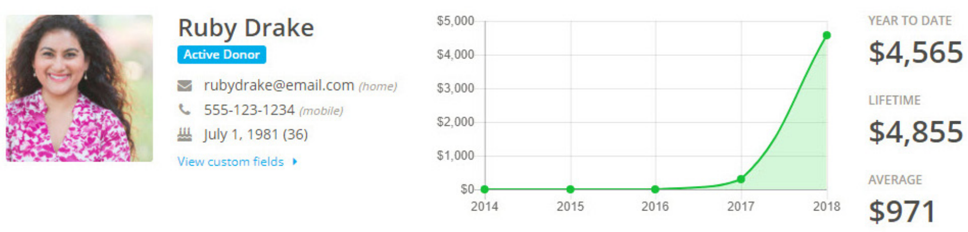
STEP 3:
Keep Your Information Organized

Having the right kind of information about your major donors is almost as important as how you organize that information.

You can't rely on paper files, Excel spreadsheets, and post-it notes to get the job done. You must commit to using a donor management system (DMS) to keep this information accurate, accessible, and safe.

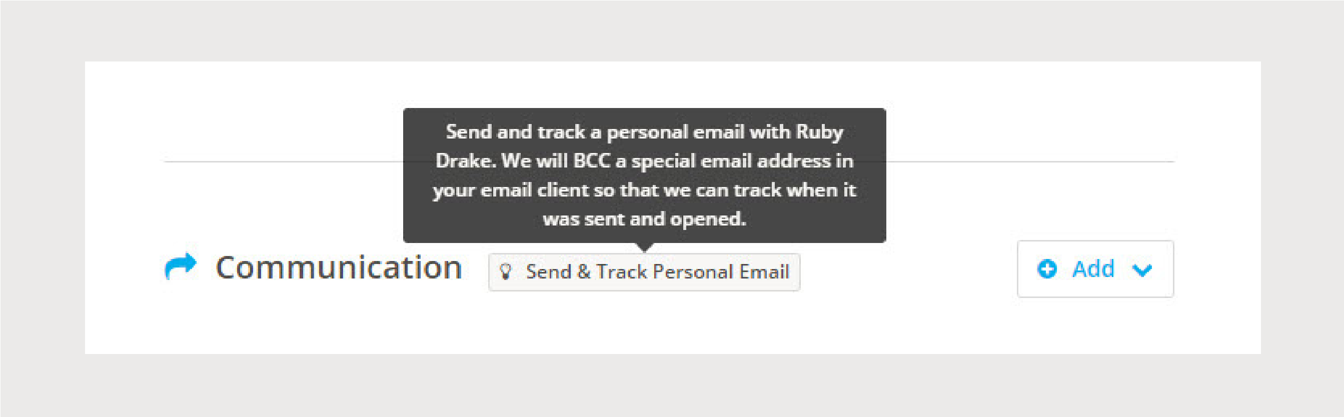
What goes in your donor record?

Beyond name, address, phone number, and email, consider gathering more information on major donors



- **Birthdate:** Age can be a good indicator of giving capacity. A donor's birthday is also a great opportunity to connect.
- **Spouse Name:** Knowing a spouse's name can make your life easier when you're addressing event invitations. You should also consider attaching children's names to donor records.
- **Employer and Business Title:** Does this donor's employer offer matching gifts? What about corporate sponsorships of nonprofit events?
- **Key Role with Organization:** Has this person served as a volunteer, board member, event host, or fundraising ambassador for your organization?
- **Social Media Influence:** A donor who is very active and feels comfortable sharing on Twitter, Facebook, Instagram, and LinkedIn can help you with your next peer-to-peer campaign.

Your donor management system should provide a complete giving history of every donor, and a record on communications sent to each donor from your email marketing system.



Network for Good's donor management system enables you to track one-on-one email communication in addition to mass email campaigns; providing a more complete history of contacts with your major donor attached to their record for everyone on your team to see.

Keeping track of notes

After each meeting, phone call, or conversation, record a summary of that conversation in the individual's record in your DMS. Train your staff to look up donor information and record conversation topics. If a colleague happens to reach out to any of your prospects or donors, have them log the communication in your DMS for an accurate account of who said what to whom, and when.

Set follow-up tasks

It's good practice to discuss next steps right after the donor meeting is over. Even if you haven't set a time for a follow-up conversation with the donor, set a task to remind yourself to reach out so that the next steps can be determined. In the Network for Good Donor Management System, you can set up tasks and reminders to make sure you follow up with major donors on outstanding items.

STEP 4:

Cultivate Relationships

Now that you have your list of current and potential major donors, as well as an organized way to track your interactions with each donor, the next step is to determine the best way to connect with them.

Some successful outreach activities include:

- **Individual meetings:** Face-to-face meetings are always the most valuable way to build meaningful relationships.
- **Group meetings:** Invite donors and prospects to the home or club of a peer leader; ideally someone who is already a major donor. Use this time to have donors talk about their support of your nonprofit, take the temperature of potential donors, and note what programs they are most interested in.
- **Gift anniversary:** Saying thank you is a comfortable reason to reach out, and it gives you an opportunity to request a face-to-face meeting.
- **Birthday:** Same as gift anniversary, this event offers another opportunity to thank them for their support.
- **Special events:** Be sure to invite those on your major gift prospect list to appropriate events where you can engage them in conversations that may lead to follow up meetings.
- **Donor stewardship events:** Take advantage of events built into your annual calendar. Invite your best prospects to mingle with your best donors and let them feel the enthusiasm in the room.

Once you have a donor's attention, what should you say?

Fundraising professional, Amy Eisenstein, ACFRE, offers these tips on getting to know your donors and understanding their desire to support your organization:

The most important step for fundraisers is to meet with major gift prospects in a personal, face-to-face setting. Warm them up with a conversation on common interests or top-of-mind news or events (keep it uncontroversial!). Then, probe their philanthropic passions and habits via a series of open-ended questions:

- What made you give to our organization in the first place, and what motivates you to keep giving?
- What do you like and dislike most about our organization?
- What do you think we should be doing more of or better?
- What advice would you give our organization?
- What other organizations do you volunteer for or give to, and why?
- Would you consider volunteering for us (list a few distinct opportunities)?

Use what you learn to continue the conversation, in person and via email, over time. But don't stop there. And after you have these important conversations, don't forget to enter their responses in their DMS records for future reference.

Additionally, what gets scheduled gets done. Make time to perform this outreach.

STEP 5:

Launch and Grow Your Program

A major gifts program takes time and commitment. Major donors need to be cultivated one at a time. There are no short cuts.

Reflect on your nonprofit's version of the 80/20 rule. The reality is that a small number of donors have the potential to make up a large part of your overall giving total. Reaching out to this group of donors will pay off.

Launch your major giving program step-by-step, and as you become more comfortable with each step, build this strategy into your fundraising plan on a monthly basis. Set your goals and pursue them. Over time, two things will happen:

1) **As you get better,** you'll find time and/or resources to grow your major gift program.

2) **You will see more gifts.** As this occurs, be ready to reinvest in growing the program, which could mean more staff to focus on major gifts.

Cultivating relationships with major donors and identifying opportunities for them to give will have a dramatic (and positive) impact on your organization's long-term stability, and more important, advance its mission.