

Gateways to Major Gifts:

Using research to secure
and maximise major-gifts

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Overview:

In the major-gift fundraising process, research plays a central role in drawing a more and more detailed financial portrait of the prospect.

Each portrait takes the prospect (and the fundraiser) through a series of gateways that lead to the grand finish, the ultimate goal of fundraising. There are five gateways that are typically passed through:

- Qualifying the prospect
- First contact
- Cultivating, tracking and strategising
- Recommending the ask
- Stewardship tracking

Over the course of this paper the five gateways of major-gift fundraising will be outlined and the role that research plays in each of these stages will be discussed.

Affiliation

Before you consider someone to be a prospect, you must establish through research that the 'potential prospect' has a link to your organisation or has a reasonable likelihood of forming such a link. Affiliation should be weighted: create a hierarchy of affiliates from 'most closely related' to 'least related'. This hierarchy can become a point of balance used to weight time and resources to be spent. Other factors will combine with affiliation to shift the scale, but the affiliation hierarchy essentially remains the first important section of the gateway to pass through in qualifying potential major-gift donors.

Capacity

Capacity is the financial measure of a prospect's ability to give a major gift. Wealth is a relative concept based on the size and location of your organisation, the scope of its mission, and the definition you establish for a major-gift. Large non-profits include the wealthiest people on the planet among their prospects; small non-profits define wealth on a different scale.

Interest

This part of the preliminary process prospect identifying triad is the most difficult to pinpoint. Interest refers to the idea that we can identify what is the essence of the prospective donor's philanthropic leanings and what their leanings might be. Affiliation will always be a good indication. Communicating with the potential donor, however, is the best clue and forms the transition into the next gateway: first contact.

Gateway 1: Qualifying the prospect

“You must establish that the potential prospect has a link to your organisation or a reasonable likelihood of forming such a link.”

Gateway 2: First contact

“The most efficient way for an organisation to identify the philanthropic interests of a prospect is to simply ask them.”

After research moves the constituent through the first gateway through qualification as a prospect, contacting the prospect to assess interest in the non-profit begins the cultivation process. This first contact with the prospect opens the gate to gathering more information to complement research undertaken. Does the prospect regard his affiliation with your non-profit as a top philanthropic priority? If not, could such a feeling be seeded through efforts to bring the prospect closer to the institution? Does the prospect indeed appear to have the capacity to make a major gift in the prescribed amount of time? Did the prospect indicate that there are unforeseen and unpredictable financial commitments that preclude gift-giving in the time period? Does the prospect regard your mission to be closely aligned with his own philanthropic ideas? Getting the answers to these questions is the goal of the first contact with a new prospect.

With signs that the prospect has the resources to give at the major gift level, it is time for the researcher to compile all the information gathered through both initial research and the first contact. This is assembled into a comprehensive document called a prospect profile. Profiles are usually in outline form and contain contact information, affiliation, education, personal demographics (birth date, marital status, and family composition), employment history, philanthropic history, board memberships, and a summary of financial attributes. Profiles will also contain a “comments” or “news” section, where a researcher will assemble the life events that brought the prospect to attention, and a “contact history” section that gives a researcher the opportunity to describe the history of the prospect’s relationship with your organisation (see exhibit 1, ‘Prospect Profile’ below).

Research now needs to move beyond the type of information that simply qualifies a major gift prospect for attention from development. Research will now move the process into the realm of making conclusions about capacity and recommending the size of the gift for which the prospect will be asked. In addition to outright financial capacity, the amount of the gift for which the prospect will be asked is further qualified by the prospect’s closeness to the institution, by her age, by her experience with philanthropy, by what volunteers have told you about the prospect, and by other factors.

Exhibit 1
Prospect profile: a
capsulated portrait of
a prospective donor.

- Full name and date of birth
- How the prospect affiliates with the institution
- Home and work contact information
- Job title
- Work history
- Family information [spouse, life partner, children, other family members affiliated with the institution]
- Directorships, boards, volunteer positions
- Awards
- Financial information such as salary and other compensation, stock holdings, private company sales and other asset data
- Real estate holdings and their assessed values
- History of contact with the non-profit
- Giving history
- Gifts to other non-profits
- The latest news about the prospect or the prospect’s company

Gateway 3: Cultivating, tracking and strategising

“Designing ways to engage the prospect and to enhance the prospect’s link to the organisation is the art of cultivation.”

The prospect has passed first contact and is willing to be involved with development; there are signs of wealth and capacity, and no roadblocks to securing a major gift have surfaced during this initial period. The third gateway now opens. The development officer’s relationship with the prospect will now be ongoing; on a course for an ask within 12 months.

Designing ways to engage the prospect and to enhance the prospect’s link to the organisation is the art of cultivation. The prospect needs to be given opportunities to be exposed to the inner workings of the organisation, to sit in a decision-making position about the non-profit’s present and future, and to bring all of her wealth and experience and insight to the organisation. All of these experiences will bring the prospect’s wisdom to the non-profit and will, in turn, bring the prospect into a close alignment with the non-profit and its needs.

Research is instrumental to the course cultivation takes now. Information gathered by research will point to the types of leadership roles the prospect has held with other organisations. The kinds of events and activities the prospect is likely to attend or for which the prospect might volunteer will be reflected in the data collected and outlined in the prospect profile (see exhibit 1, above). The latest news about the prospect’s financial successes may alter the pace of the cultivation or the timing of asking for the gift. During cultivation, research monitors the information stream for further developments that will alter the course of the fund-raiser’s progress.

The cultivation status of a prospect may change during this period. Life events can speed up the process. For example, taking a company public or approaching the age for retirement may prompt a fundraiser to move towards asking for a gift quickly. It would be in the best interest of both the organisation and the prospect to understand the benefits of certain types of gifts at these life stages. Involving tax laws may draw a prospect’s attention to philanthropic opportunities.

Some potential donors are first identified as having major gift capacity when they are, in fact, already deeply cultivated. Fully engaged in the organisations goals and mission, many donors introduce themselves as major gift prospects to development through a significant annual fund gift, by a query about helping to fund an event or project or when planning legacy gifts.

Gateway 4: Recommending the ask

“The best people to make an ask are either those who have already made a significant donation or a senior member of the management board.”

The prospect now fully cultivated, feels as knowledgeable and close to the mission and needs of the non-profit as possible. Now is the most critical gateway, determining the size of the gift for which the prospect will be asked and the events around the ask.

There are some adages in fundraising related to the amount of the ask:

- Do not leave money on the table, but
- If you ask for too much, you will scare the donor
- Away from any gift
- If you ask for the wrong amount, you may insult the prospective donor.
- There are different major gifts in a person's life depending on their age/ stage of wealth, affiliation, giving interest and passion.

The Prospect's Age

Traditionally, development has anticipated that the people with the resources to make major gifts reach a point in life when they have more disposable income, more resources other than income onto which they can tap, fewer pulls on their financial resources, and less insecurity about the hazards of sharing some of their good fortune. Prospects usually reach the optimal giving age at the same time they reach the peak of their earning power and at a time in their lives when their children need less financial support.

Exceptions to the age benchmark are growing along with the growth of new, young wealth, who can transform stock options and the sale of companies into major gifts, in short order. But most fund-raisers and researchers hold close to the adage that people give large gifts to philanthropy from assets, not income. Being asset-rich often comes with age.

Affiliation

Just how close does the prospect really feel to your organisation? Where does your cause rank in the prospect's hierarchy of philanthropic priorities? Research can sometimes discover the prospect's charitable giving to other organisations. This can be critical information. It can hint at the prospect's experience as a philanthropist, and it can shout what the prospect cares about. How close (or far) a prospect is to your organisation emotionally may elevate (or decrease) the size of the ask. Being closely affiliated can turn into being highly motivated to give.

Giving History

One of the first stops on the research trail is always the prospect's giving history with your own organisation. Has your prospect had practice supporting your organisation, increasing the size of gifts with the increase in his financial well-being? Has the prospect already given gifts that would rank as major gifts or near-major gifts? What have the prospect's donations said about what he thinks of your organisation?

Cont. Gateway 4: Recommending the ask

“For a major gift, at just the right time, details are important and prospect research gives you the complete picture of what makes your prospects tick.”

Passion

This is the most important element in conclusion about the ask. How much does this project mean to the prospect? Is the prospect likely to stretch financially to make this project happen? Has the prospect picked a cause that reaches deep into his heart? It is surprising how often passion can alter the amount of the gift.

With research analysing the prospect's financial resources, age, giving history to this and other non-profits, and with learning the prospect's feelings toward your organisation and what interest they have toward your organisation, it is time to begin focusing on the actual ask.

There are four key elements in closing a major gift:

- **Amount:** Have you researched the prospect skillfully to ensure that they have the current capacity to match your ask amount. This background research may also avoid a loss in potential revenue through underestimating the value of your major-gift prospects. Maybe their gift-giving potential is far greater than that which you originally thought.
- **Purpose:** What part of your mission truly intrigues your prospect? An easy example, one prospect has had a life-long involvement in construction and project management. It will be easy to involve this prospect in a new building project. Research can assemble a picture of the causes to which the prospect has connected philanthropically. This research will help connect the prospect to the right project.
- **Person:** Who is the right person to do the asking? We have long believed that the best people to make an ask are either those who have already made a significant donation or a senior member of the management board. Research can also lead to the discovery of connections between your prospect and friends of your organisation, the potential to open the door directly to your prospect.
- **Timing:** Timing is everything. Is your prospect's company going private this year? Did she just cash-in on a company she has built up over years? Conversely, is your prospect's company experiencing financial difficulties? This kind of information can be essential to timing the ask

For a major-gift, at just the right time, details are important and prospect research gives you the complete picture of what makes your prospects tick; what is their current financial capacity, what kind of person are they and what kind of approach is likely to grab their attention when the time comes to make an ask. The ask has been made and the prospect has given a major

Gateway 5: Stewardship tracking

“An active fundraising programme doesn't wait for the prospect to wake-up from the stewardship slumber.”

gift. Now the prospect is moved through the stewardship gate. A plan is now needed to keep the prospect attached to the organisation through communications, updating the prospect about the use of their donation, and annual fund asks. The prospect should also be included in events and celebrations.

News about the prospect should, however, still be monitored, watching for significant financial or life changes that may signal the time to move the prospect back into the cultivation cycle. The first major gift, often one just at the threshold mark for a major gift at your organisation, might occur when the prospect is relatively young. Several years later, the prospect may make a larger gift, one attached to recognising a family member or to creating a new programme at your organisation. As the prospect retires the prospect may make, what is termed, a 'transformational' gift – a significant gift may help the way your organisation works and may even change the prospect's concept of self.

An active fundraising programme doesn't wait for the prospect to wake-up from the stewardship slumber. Instead, research can alert the development team about the right time to introduce the prospect once again to the organisation's needs and dreams. They just may match the prospect's dreams and financial capabilities.

And so the research process begins all over. All levels of the process from identification to qualification to cultivation and stewardship, presented here in a circular model of major-gift fundraising, all demand the appropriate research to bring your best prospects through the gateways of fundraising towards a major-gift.

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