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Fundraising Basics
Part I

Introduction: A love story

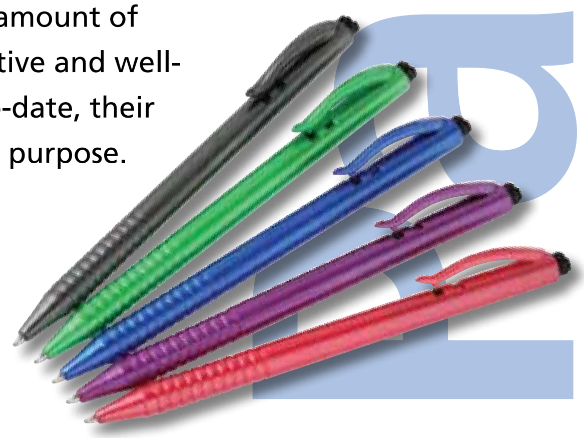
Prospecting, courting and maintaining individual donors

The art of fundraising and developing a donor base could be compared to a romantic relationship. In order to appeal to donors and build lasting relationships, your organisation must first find someone with similar interests, make a connection and then let the wooing begin.

Unfortunately, the challenge fraught with finding one's soul mate is often similar to finding those loyal and lasting donors.

When the economy began its decline many, nonprofits had to start looking for donations as their funding began to dry up. At the same time, people began to tighten their purse strings and individual gifts and donations decreased for many nonprofits.

Those nonprofits that suffered the least—or even increased the amount of individual gifts secured—quite possibly owe their success to positive and well-maintained relationships with donors. Their donor lists are up-to-date, their requests are well-positioned, and their communications are with purpose.



They recognise that in identifying prospects, evaluating giving potential and habits, and cultivating potential leads plays a critical role in ensuring that their organisation will be able to maintain a pool of resources.

So, are you one of these nonprofits? Does your organisation have the donor base needed to withstand the test of time? If the answer is "no," or you are unsure, read on to gain basic insight on successful prospecting and cultivation tips to build donor relationships that last.

Wanted: Loyal donor seeking long-term commitment (LDSLTC)

At the heart of donor prospecting and cultivation lies research—specifically, research into the wants, needs, interests, habits and motivations lying within your donor bases.

"Nonprofits must identify individuals inclined to support the mission and projects of the organisation," says Molly Schar, principal of US fundraising consultancy Right for Donors. "These are people who may have been personally affected by the work of your organisation, or know someone who has. They may live within the community served. Or they may be friends with a board member or a volunteer." [1]

Successful research in prospecting can:

- Reveal new connections and relationships.
- Assist in determining the capacity of an individual to give.
- Assist in determining which prospects should be the primary focus of a fundraising campaign.
- Build confidence in the staff making the request by arming them with strategic information.
- Provide insight into the background and interests of an individual—which will later be useful in creating conversations and tailoring requests and other elements of a fundraising campaign.

Before you begin prospecting, your organisation needs to do two things:

First, be clear about how you will manage the information obtained. Much of the information found through basic research may be public, while the use of powerful prospecting software can often be very private. Regardless of your method, your organisation should handle this information with respect and confidentiality, and donor files should always be stored securely. A great resource for checking your duties and obligations and to make sure you meet all the legal requirements is The Information Commissioner's Office, an independent UK authority set up to uphold information rights in the public interest and data privacy for individuals. Check out their website at: www.ico.gov.uk

Next, you will want to outline a research plan. A prospecting research plan contains many of the same elements as a traditional business research plan:

- Who are your current donors and constituents?
- Who could your donors be?
- What is your timeline to accommodate the goals and objectives of prospecting, and how will you achieve them under budgetary restrictions?
- A SWOT analysis — What are the strengths, weaknesses, opportunities and threats to your strategy, organisation and prospecting efforts?

This plan will help in focusing your research to identify hot prospects, what level of cultivation they require and the appropriate amount of communication that is needed.

Then, it's time to begin your research!

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1 *Schar, Molly. "Creating a Development Plan for Nonprofit Donors: Fundraising Cycle Strategies to Raise More Money | Suite101.com." Non-Profit Fundraising | Suite101.com. Web. 14 Oct. 2009. <http://nonprofitfundraising.suite101.com/article.cfm/creating_a_development_plan_for_nonprofit_donors>.*

Know what a likely prospect looks like

Essentially, if you can find a prospect who has both the ability to give and a passion for your organisation's mission, you have the recipe for a potentially successful relationship.

In general, a likely prospect has three qualities[2]:

1. The **capacity** to give—they have money that they are willing to give
2. The **willingness** to give—they want to give
3. The **interest** to give—they have a personal interest in an organisation's mission, outcomes, services or people

Once you're aware of what a likely prospect looks like, arm yourself with demographics.

By knowing the average giving habits of a prospect based on demographics before you begin prospecting, you will be able to determine the likelihood of securing a gift—especially in judgment-call situations when you are unable to find solid information on his or her giving history. Knowing demographic information merely helps your assessment though; it should never be the assessment itself.

Consider these giving clues and habits, based on generational demographics:[3,4]

1. The Civic (or "Great") Generation (those born before 1924)
    - Known for extraordinary generosity and volunteer activity
    - Rapidly declining philanthropic segment
    - Planned giving decisions are likely already in place
2. The Adaptive (or "Silent") Generation (born 1925 – 1942)
    - Transferring tremendous personal wealth to charitable causes, children and grandchildren
    - Most receptive to direct mail contact and appeals
    - Many respond well to the authority and paternalism in outright requests
3. The Idealist (or "Baby Boomer") Generation (born 1942 – 1960)
    - More likely than other generations to engage in hands-on charitable efforts
    - Rarely seek to give online
    - Respond best to personal requests made by someone with whom they have an established relationship
4. The Reactive (or "Gen X") Generation (born 1961 – 1981)

2 Snyder, Andrea. *"From Prospect Research to Donor Relations." SlideShare. Web. 19 Oct. 2009. <http://www.slideshare.net/GrantsCollection/from-prospect-research-to-donor-relations>.*

3 *"Communicating with Donors." The Captive Consultant. Web. 18 Oct. 2009. <http://thecaptiveconsultant.wordpress.com/category/communicating-with-donors/>.*

4 *"Generational Patterns of Giving, Old Hippies vs. Young Techies?" Learning to Give - Curriculum Division of The LEAGUE. Web. 18 Oct. 2009. <http://learningtogive.org/parents/raising/section3/02generational_patterns.asp>.*

- Question ideological and civic organisations of previous generations
- Skeptical of authority, giving to organisations that they trust or that their friends have recommended to them only
- Expect a return on investment for their gift—meaning they expect to be told or shown exactly how their money will be used

5. Millennial (born 1982 – present)
   - Motivated by a desire to make the world a better place, it's often predicted that they are likely to mimic the giving patterns of the Civic Generation once they have positioned themselves financially
   - Known for choosing to volunteer time and skill prior to giving money
   - Use the internet frequently to give and to research organisations prior to giving

A few other demographic giving patterns worth exploring: [5]

- Married couples and single women—especially single mothers—are far more generous than single men in giving habits.
- Self-employed workers are more likely to give than others.
- Those with university degrees give higher percentages to charity, regardless of income level.
- City dwellers give less to charity on a yearly basis than their "country" counterparts; yet, they give more to secular charities than rural residents.

Now that you have a basic understanding of prospects who are motivated to give, continue your research to find out specifics.

Start with what you have

Going through your donor files with a fine-tooth comb will help assess your current relationships and give a better feel for areas you need to focus on (i.e. relationship building or identifying opportunities for growth).

Start by examining the giving history of each donor, looking for the frequency of gifts, the average amount of gift and the date of his or her last gift. Then, analyse the engagement history your organisation has with each donor. Is there ongoing communication? Have thank-you notes been sent on each giving occasion? What was the last event you invited them to? If you find that contact with donors is limited to requests and appeals, you have a major red flag on your hands—your organisation is neglecting relationship building.

5 *"The Chronicle, 5/1/2003: How Americans Give." The Chronicle of Philanthropy: The Newspaper of the Nonprofit World. Web. 20 Oct. 2009. <http://philanthropy.com/free/articles/v15/i14/14000601.htm>.*

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Once these donor files have been examined, move on to examine other elements of your organisation: your staff, board members, volunteers and those who use your services and resources or attend events.

Then, seal the deal by going one step further to research the donors and board members of similar organisations to yours—go to their Web sites or call and request an annual report. This can give you some great examples to learn from in reshaping your donor relationship model.

Be an online super sleuth

Use Internet sites like Google™, Yahoo!®, Bing™, LinkedIn® or Technorati™ to fill in any research gaps you may have in your current files, or build new files by conducting simple name searches.

Keep in mind that you are seeking information that will not only allow you to make a base assessment of giving potential to help determine what amount to ask for and expect, but also information that will provide topics of conversation and interest as you move forward in developing a meaningful relationship with a donor. Much like a marketer conducts market research in order to create advertisements that appeal to their intended audiences' interests, development teams mine for information to appeal to donors. As you search, seek out the most authoritative sources, and be sure to check the dates of information and confirm your results—prospecting research is no different to other forms of research: It needs to be credible! [6]

Online research can help you find out:

- Where they work, what they do, what their title is.
- What past titles they have held, previous employers, past board positions.
- What organisations they are involved in or fund.
- What other nonprofit or charitable organisations they give to—as donors or volunteers.
- Who they know—a friend or family member may be just as or better able to make a gift than the prospect. Use social networking sites like Facebook℠ and LinkedIn to see who your board and staff members know or have connections with.
- If they have connections with any foundations—even if you cannot secure an individual gift, cultivating a relationship with them may lead to other funding sources.
- If they have appeared in the press for any reason and what that reason may be.

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6 *Snyder, Andrea. "From Prospect Research to Donor Relations." SlideShare. Web. 19 Oct. 2009. <http://www.slideshare.net/GrantsCollection/from-prospect-research-to-donor-relations>.*

- What their interests are—do they have a blog? Have they written a book? Did they keynote at any conferences or speak at any public events?

Harness the power of prospecting tools

If your organisation has the budget for it, consider investing in donor development software like Blackbaud's 'The Raiser's Edge'[7] which allows you to input and maintain your own own database and track your contacts with donors—like phone calls, direct mail pieces and thank-you notes.

Prospecting tools are often powerful enough to easily run algorithms that give nonprofits the power to make correlations between donors and prospects and giving potential.

Another prospecting option is list acquisition—the purchase of names, addresses and sometimes other information from third-party organisations to grow your pool of potential donors. This method is often extremely hit or miss and in order to be remotely successful the list needs to be highly targeted so that it's obvious to recipients why they are receiving contact from you.

Embrace the donor life cycle

It's important to understand that all donors—current and prospective —are within a cycle of giving, whether they (or you) realise it or not. Known as Lifecycle Segmentation, this method helps in determining when prospects are more likely to give and the extent of that gift.

The donor lifecycle model often looks like this[8]:

1. New donors—They have no prior giving history, and their first gifts tend to be polarising, meaning they give smaller amounts hesitantly or larger amounts enthusiastically. These donors are perfect candidates to receive regular contact through phone calls, direct mail pieces, in-person meetings and events.
2. Transition donors—They have given once or twice before and are primed to be asked again within the next tax year.
3. Core donors—These donors have consistently given to your organisation in the past two to three tax years. These donors are best managed with regular personalised contact.
4. Lapsed donors—They have not given in the last tax year. The relationships of

7 http://www.blackbaud.co.uk/fundraising
8 The NonProfit Times - The Leading Business Publication For Nonprofit Management. Web. 16 Oct. 2009. <http://www.nptimes.com/howtos/fundraising.html>.

recently lapsed donors (those who have not given within the past 13-24 months) are much easier to recover than those of deeply lapsed donors (those who have not given in over 25 months). Lapsed donors can serve to indicate that either communication between your organisation and the donor has been ineffective or inconsistent, or they can indicate a change in the way a donor has viewed your organisation.

It can also be helpful to take into consideration the personal lifecycles of donors—events like marriages, the death of parents and the birth of children all pose the opportunity for planned gifts. Conversely, events like children in college, divorce and new mortgages are indicators that prospects may currently be unable to give. [9]

Rank your findings and build a list

Use the information and research you have uncovered to rank the likelihood that a prospect will give, along with an estimated range of a possible gift. Also consider rating based on relationship—begin your efforts where you are most likely to see a return.

After ranking, compile a list using donor databases, prospecting software or the more basic Excel spreadsheet with mailing and contact information so you're primed and ready to make contact.

Their eyes meet, and the wooing begins!

Once armed with sufficient background information and a prioritised rating for each prospect, it is time to make contact.

Nonprofits can court their prospects and donors by educating, inviting and engaging.

Educate

Introduce yourself—or, in the case of lapsed donors, reintroduce—to prospects and donors. Inform them of your organisation, its mission, impact and need for individual gifts. Tell them of the work that your organisation does and the difference it is making—for the cause and in the community. The ideal communication channels to accomplish this include:

- Web site and social media—making sure that content on your Web site is up-to-date and full of examples of how your nonprofit is making a difference. Make your organisation available to a variety of audiences

9 *"CharityVillage® Research: The donor life cycle: Life stages and resulting opportunities." Charity Village® Home Page. Web. 15 Oct. 2009. <http://www.charityvillage.ca/cv/research/rpg31.html>.*

by exploring a presence on social media sites like Facebook, YouTube™, Flickr® or Twitter℠, and demonstrate purpose and interact with users through cause-related content.

- Direct mail pieces—such as form letters of introduction paired with brochures, newsletters or postcards.
- Phone calls—strike up a conversation by introducing yourself and your organisation, and why you feel they may be interested in your mission. Refer to past contact the individual may have had with the organisation or an employee or board member. Then, invite them to a relationship-building event like the ones noted below.

Invite

Extend an invitation to prospects and donors to tour your offices, join you and the director for coffee, or host regular luncheons as a way for donors to meet each other, board members and high-level staff. The ideal communication channels to accomplish this include:

- Web site and social media—post donor event information on your Web site along with any necessary R.S.V.P. information. Consider sending e-vites [10] or Twtvites (both are customisable, electronic invites … one for e-mail and the other for Twitter) or creating an event on Facebook and inviting users.
- Personal mail or e-newsletter—a personalised note or invitation is appropriate.
- Phone call—could be a follow-up to the initial contact made while educating, or as part of the educating phone call.
- Personal invitation—have the invitation come directly from the staff member, board member or volunteer that recommended them during prospecting.

Engage

Maintain regular contact with prospects and donors, and engage them through meaningful involvement. Give them the opportunity to see the work of your organisation in action. The ideal communication channels to accomplish this include:

- Web site and social media—again, make sure your organisation's Web site contains up-to-date content that illustrates the differences you are making. Use social media in the same way, providing updates on your organisations efforts and successes while interacting with users.
- E-mails or e-newsletters—send out updates via an e-mail or distribute e-newsletters. Remember, however that e-newsletters

10 http:// new.evite.com/#home

should only be sent to those who have subscribed or requested them and should include a no-fuss link to unsubscribe if recipients change their minds.

- Direct mail pieces—these should be more content-rich than the pieces originally sent and don't always require a personal note.
- Phone calls—call to follow up on the last contact that was made with a donor, and continue to explore how they feel about the organisation and what they think could be improved. Also continue to extend invitations to events.

A note on events

Events and meetings are wonderful ways to connect with donors on a more personal level and help to put a face to the organisation. Donors may also see in-person cultivation as a benefit to giving—the organisation is investing in them, taking an interest in them, rewarding them with conversation, refreshments or entertainment and giving value to their time, knowledge and insight. It's also a fantastic way to allow donors and prospects to see the results of giving and an even better way to continually explore opinions and suggestions of prospects and donors.

Jason Dick recommends a few ice breakers to get the conversation going[11]:

- How did you find out about our organisation?
- What made you feel that connection to us initially?
- Why have you stayed connected?
- Are there things you'd like to see us doing that we're not?
- Do you have a favourite campaign or area of our work?

Case in point: The Canadian Women's Foundation

The most successful donor events give donors and prospects further reason to stay invested in your organisation's mission—they involve them beyond the giving process, allowing them to more actively participate. The Canadian Women's Foundation (CWF), a nonprofit organisation devoted in-part to investing in programmes that end violence against women, experienced this success first-hand.

In 2003, CWF implemented a donor education strategy over a three-year period to create awareness of its cause and engage donors with the goal of both advancing its mission and securing individual gifts. This strategy revolved around a series of half-day education sessions for donors, featuring speakers and content that revealed facts, case

11 *Dick, Jason. "Prospecting New and Existing Donors." Web log post. A Small Change. 10 Dec. 2007. Web. <http://www.asmallchange.net/prospecting-new-and-existing-donors/>.*

studies and accounts of women and girls who had been affected by violence. These sessions also offered solutions—highlighting how individual donors could help, through a monetary gift or otherwise. Since implementing these events, CWF has seen a $200,000 increase in individual gifts per year. [12]

Communication efforts like the ones previously outlined should be ongoing—donor communication is not a one - off effort. Reach out to donors, follow up with further communication and information, create and maintain interest in your organisation and build a foundation worthy of ongoing gifts. Do this, and when someone decides to give in the future, your organisation will immediately come to mind.

The proposal

Once you've made contact and laid the foundation for donors to give, it's time to develop the strategies to make the request and continue to cultivate prospects and donors.

Whether it's an annual appeal, planned gift or major gift—ask donors and prospects to do something by giving money. Explain in clear terms what difference their donation will make and who will benefit from the support of your nonprofit's mission.

Donor prospecting and cultivation is a never-ending cycle of bringing people in to support your organisation's mission, keeping them involved and deepening their relationship with your organisation. Put care and effort into building relationships. After all, it is a "love story," with potential for huge reward.

We hope you have found Fundraising Part I interesting and informative and in Part II we'll look at how to build on the work you have done so far and turn those hard-earned contacts into donors.

12 *"Community Foundations of Canada 2006 National Conference: Engaging Donors, a Case Study." Community Foundations of Canada. Web. 22 Oct. 2009. <http://community-fdn.ca/conference06/>.*


Stellar Performance
AWARD
John Swift