

Balancing Fundraising Principles

A GUIDEBOOK FOR FUNDRAISING AND DEVELOPMENT PROFESSIONALS

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Key Principles of Fundraising

Recent giving trends tell the story by the numbers. Charitable giving continues to pick up pace, surpassing the peak last seen pre-Great Recession. Across the board, giving has grown exponentially with increases in individual, foundation, bequest, and corporate giving.

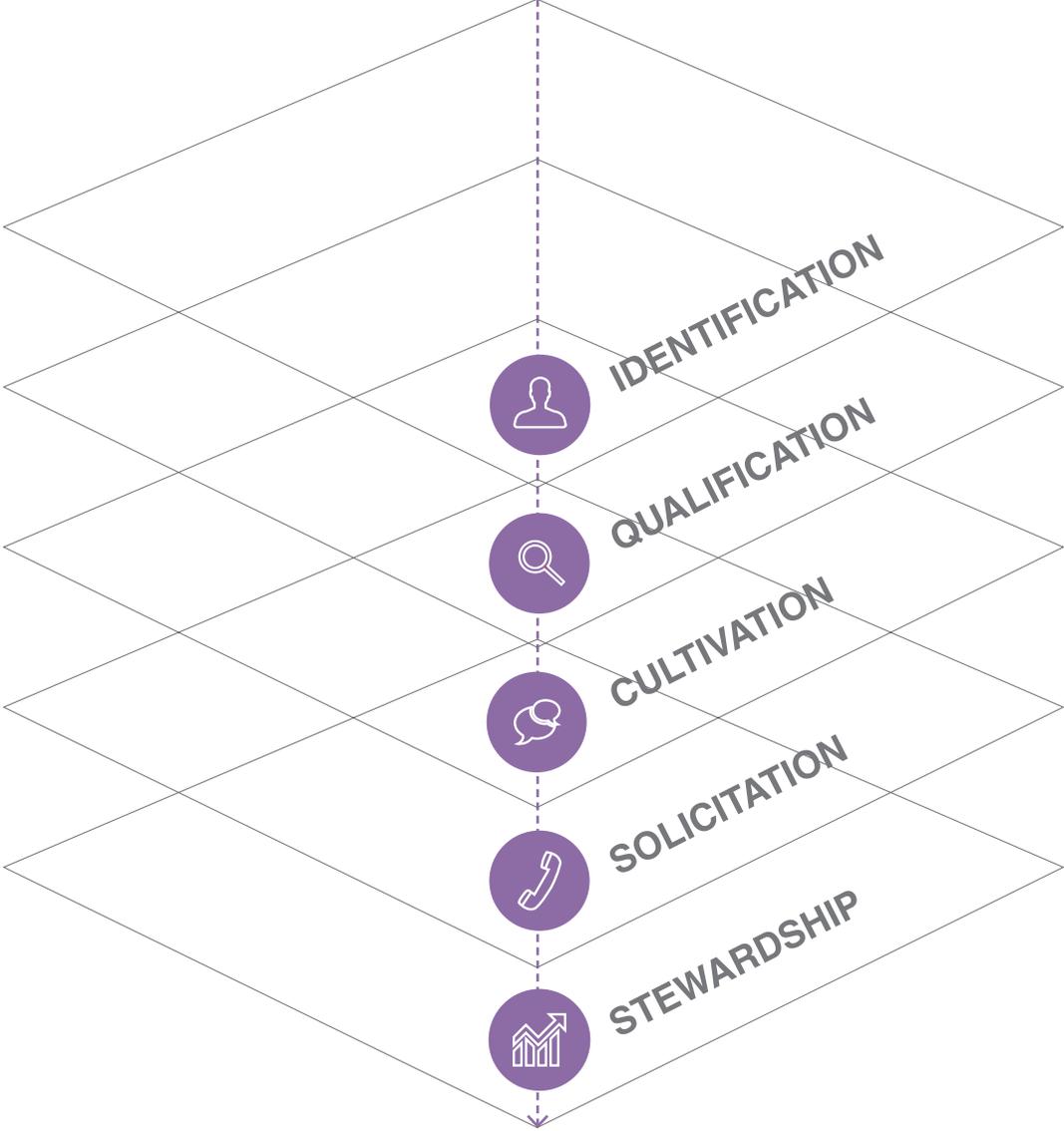
As charitable giving increases, it becomes more important for fundraisers to understand donors' motivation behind giving and effectively engage a stronger donor contingency going forward amid a competitive, evolving fundraising landscape.

Donor motivation is multi-faceted. The days of a one-size-fits-all approach are long gone. With diverse donor motivations, fundraising and development professionals must assess where a donor falls in the fundraising cycle.

Gaining a strategic understanding of this cycle can help an organization map goals and activities to develop donor engagement strategies and build lasting relationships and financial support toward the cause it serves.

The backbone of any successful fundraising operation is gaining a strategic understanding of the overall “fundraising process,” against which activities and goals can be established. In this guidebook, fundraisers will better understand how to strengthen their strategies to attract, cultivate, and retain donors over time. This guidebook will explore the fundraising cycle as well as the gift pyramid and serve as a how-to tool to help fundraisers enhance their development and fundraising programs.

The Fundraising Cycle





Identification

Naturally, the fundraising cycle begins with identification of potential donors and prospects. Fundraising professionals must discern who they will ask, and more importantly, what they will ask for. The more specific the goal, the better. This stage can also be used to segment the current donor database for consistent, loyal donors to further engage, as well as conduct wealth screenings of the entire database.

QUESTIONS TO ASK

- How engaged and cultivated is my organization's current donor and prospect base?

- What engagement strategies might our organization implement to move donors closer to making a gift?

- What donors and prospects should our organization focus on?

- What indicators, other than giving history, should my organization consider?



Qualification

This step begins with careful research to identify and further define prospects; who they know in the community, how much they may be capable of giving, and if their interests align with your organization. This stage is the stepping stone to developing specific cultivation plans and solicitation strategies for targeted donors.

QUESTIONS TO ASK

Who is the prospect?

 Who do they know within the community?

 How much are they capable of giving?

 What are their charitable interests?

 Has the donor supported our organization in the past?



Cultivation

Rarely are donors standing in line to make a gift. This step is key to building stronger relationships with your donors, engaging prospects within your organization, and preparing yourself to ‘make the ask.’ Specific cultivation strategies can include meetings, tours of your organization’s facility, invitations to special events, and volunteer recruitment and involvement.

QUESTIONS TO ASK

- Has the prospect been engaged and involved with our organization?

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- Have I built a strong relationship with the donor or prospect?

-
- How can I involve my board members to help with the cultivation process?

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- Who within my circle of influence might help with an introduction to this top donor or prospect?



Solicitation

Simply put, this step is making 'the ask.' As fundraising professionals know, numerous strategies exist to solicit donors, both traditional and non-traditional. These should vary based on the type of donor and can include, but are not limited to, direct mail, face-to-face solicitation, phone-a-thons, campaigns, and digital online giving communications. Build the foundation for a successful 'ask' by carefully indentifying, qualifying, and cultivating donors along the fundraising cycle.

QUESTIONS TO ASK

- What dollar amount will I ask this donor for?

- Is this donor engaged enough in our organization to accept a solicitation?

- Based on our research and giving history, am I prepared to make this ask?

- Who else within the organization should be involved in the solicitation?



Stewardship

Effective stewardship will ensure the donor understands that his or her gift is valued, and is being put toward something that benefits your organization or impacts a broader cause. This can begin with providing the donor with regular accounting of the funds given and intended use, but should go beyond that to open the door to sustained giving. It is imperative to appropriately recognize the gift, and, ideally, engage the donor so that they feel even further connected to and involved with your organization.

QUESTIONS TO ASK

- Does the donor know his or her gift is being put to good use?

- Does the donor feel valued and appreciated by our organization?

- What stewardship strategies might our organization engage in to recognize our donors?

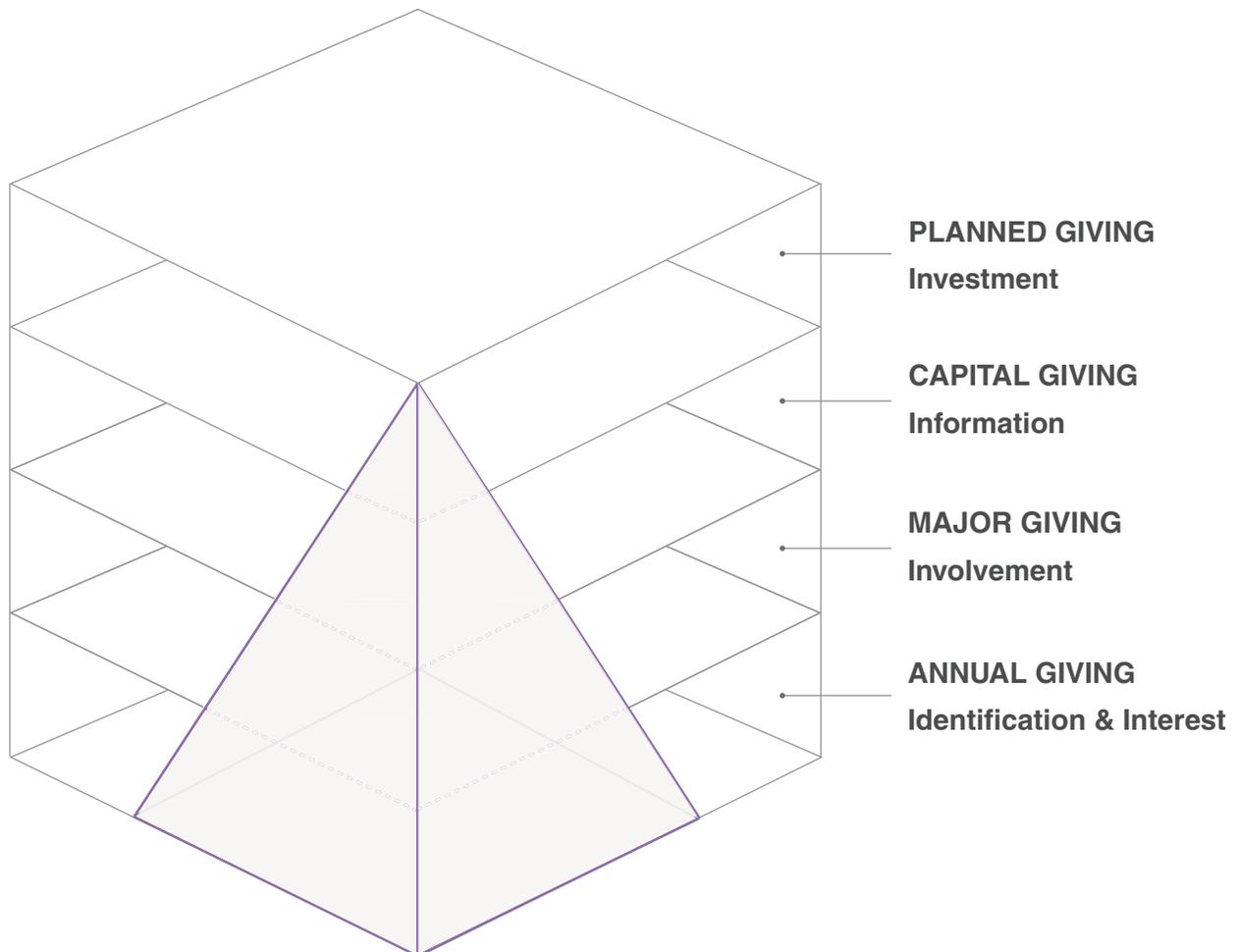
- Is it appropriate to include our donors within our annual report, or list their names on our website?

Maximize Your Fundraising Efforts

The gift pyramid reflects the stages through which a donor moves as commitment and investment increases. Using this tool will help your organization qualify current donors at each stage and encourage increased giving with upward movement throughout the gift pyramid.

The Stages of the Gift Pyramid

To better understand the varying stages of the gift pyramid, the following pages provide an example of a mid-sized non-profit hospital, with prospects at each stage.

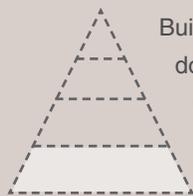


Annual Giving

Meet Frank, an ambitious 30 year old millennial, employed at a local technology company. He enjoys spending time with family and friends, most of which live nearby. A hard worker, he was recently promoted at his company to vice president. As a result, he sees himself beginning to settle down in the community where he lives now. The community has much to offer as he moves toward the next stage of his life; including family, friends, activities, a sustainable salary, and opportunities to become more involved. Although he has never had a personal interaction with the hospital, he is aware of the institution, and is interested in learning more.



Frank
AGE 30



Building a sustainable fundraising program requires having a strong base of annual fund and repeat donors as the foundation of the gift pyramid. Donor identification is a key tool used to acquire first-time donors through direct mail appeals, phone-a-thons, and annual solicitation of the donor database to broaden support, upgrade giving levels, and provide much needed operating support to an organization.

Motivation

Potential donors like Frank are motivated by helping others, interacting in the community, and meeting new people. Develop your fundraising strategies by tapping into these motivating factors.

Strategies

- Start small. Frank's capacity for charitable giving might be growing, but is still likely small relative to more seasoned donors.
- Leverage technology for both marketing and donation purposes (i.e., social media, mobile payments, advertising, etc.).
- Emphasize the benefits that the hospital brings to the community.
- Frank is still fairly young. Cultivating this relationship can be a fruitful way for the hospital to maintain a connection with him for years to come.

In 2014, social media was the method most likely to raise more funds for organizations that utilized it as part of their marketing strategies. The ALS Ice Bucket Challenge helped raise \$115 million in 2014 a 4,100% increase from the \$2.8 million raised in 2013.

Major Giving

Meet Sally, Director of the Acorn Family Foundation. Sally's parents were Trent and Cecelia Acorn, both prominent philanthropists in the community with long histories of giving to the hospital. Just before their passing, they established the Foundation to help continue their good work in the community. There is no definitive instruction as to how the Foundation will use its assets. The Trustees, including Sally, have considerable discretion as to who receives grants and how often they are paid. Furthermore, Sally and the other trustees live outside of the community in other states and geographies, and have had no direct interaction with the hospital.



Sally
AGE 40



The strategy is to engage your most loyal donors to make sizable personal contributions to support endowment or program funding. Continue to cultivate these donors and prospects with personal contact and involve them in the organization.

Motivation

Potential donors like Sally and the Acorn Family Foundation are motivated by factors that include continuing family tradition, community involvement, and gaining visibility.

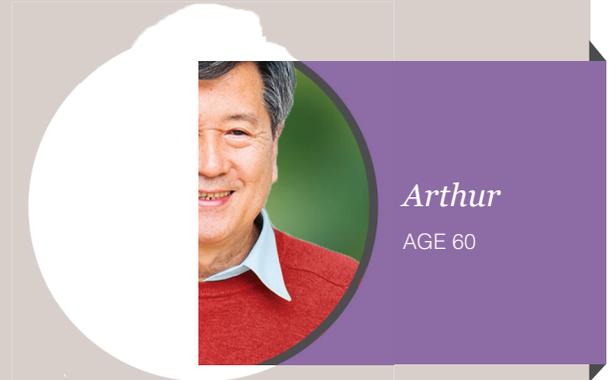
Strategies

- Family foundations can be an important source of major giving because grants can be of a significant size and grant writing is often relatively inexpensive.
- Emphasize the family's history with the hospital, especially given that the potential donor and the other trustees may not have a direct connection.
- Demonstrate specifically how grants will be used so that trustees can see the impact of their philanthropy.
- Use a successful grant as an opportunity to create visibility and good press for the hospital and the Foundation.
- Cultivate this relationship with effective follow-up and gratitude. Foundations may be able to renew grants year after year.

A vast majority, 91%, of high net worth households had children and roughly one third of them want to involve their children in their charitable giving.

Capital Giving

Meet Arthur, a prominent member of the business community. Last year, Arthur's daughter was diagnosed with a serious and life-threatening medical condition. His family sought care at the hospital, and with a full course of treatment, Arthur's daughter has made a full recovery. During his daughter's extended stay, Arthur was able to receive a first-hand look into the hospital's inner workings and met many of the doctors and nurses who head up the pediatric and intensive care units. He was impressed with everything he saw. Going forward, the hospital is considering a capital campaign to build a new wing for pediatric care.



This stage entails an intensive, organized development effort to secure philanthropic gifts for specific capital needs or building projects, executed within a specific time period, usually over one or more years. This strategy provides donors and prospects with campaign materials that outline the long-term financial resources needed by the organization. Strategies such as capital campaign fundraising can provide long-term financial resources that benefit your organization.

Motivation

Potential donors like Arthur are motivated by factors that include the understanding of needs, exerting influence, confidence in leadership, and gratitude to the organization. Arthur has an emotional investment in seeing the hospital succeed, given the care his daughter received, specifically within the areas of pediatric and intensive care.

Strategies

- Develop campaign materials and case statements to explain the benefits the new hospital wing will give to patients.
- Offer opportunities for Arthur to become more directly involved in the campaign committee, through naming rights, or earmarking specific pieces of equipment for specific donations.
- Offer an opportunity for a personal appeal, where doctors, nurses, or administrators can reach out directly to Arthur on behalf of the capital campaign.

According to the *Money for Good 2015 Survey*, charitable giving has slowed since the 1970s because donors are uninformed or skeptical of how the funds are spent by various non-profit organizations. A substantial number of donors surveyed said they would be willing to increase giving if they understood where their dollars were being spent.

Planned Giving

Meet George, a retired airline pilot, and a prominent member of the local philanthropic community. George has a long history of supporting many charitable causes. He has no children and views his gifts as an opportunity to leave a legacy in the community. He has saved diligently for his retirement, and is therefore in a position to continue his philanthropic endeavors; however, he is worried about supporting his wife, should he pass away before her. Historically, George has been generous in giving to the hospital's annual fundraising drive in each of the last 10 years. He has also received numerous communications from the development staff including annual reports providing detail into the hospital's budget and strategic goals.



George

AGE 65



Planned giving provides critical, often long-term financial support to non-profit organizations while also providing a way to help donors address a range of their own charitable and financial goals. The benefits of funding a planned gift can make charitable giving very attractive to both the donor and charity by maximizing the gift and helping to minimize its impact on the donor's estate.

Motivation

Potential donors like George are motivated by factors that include the understanding of needs, loyalty to the organization, a history of involvement, and leaving a legacy in the community or within an organization.

Strategies

- Constant cultivation and stewardship have built the foundation for asking George to consider the hospital in his estate plan.
- Focus on George's history of giving to the hospital and his familiarity with the hospital's future initiatives.
- Emphasize the impact a large gift could have on the hospital's mission.
- Outline legacy giving opportunities like charitable gift annuities or charitable remainder trusts that would provide George and his wife an annual income stream and tax-saving opportunities through their estate planning.

Approximately 60% of bequests are from known, consistent donors. Among surveyed organizations, on average, 41% of bequests received were from people who had made three or more gifts in the prior five years.

Fundraising professionals today face numerous challenges in cultivating donors, soliciting gifts, stewarding relationships, and planning for long-term sustainability for an organization. While a one-size approach is not the answer, learning to effectively segment donors at every stage of the Gift Pyramid can yield long-term financial success and help to build a solid development program.

Key Takeaways

Actively and frequently evaluate your donor base and identify where they are in the fundraising process

Ensure donors experience high-quality interactions and recognition with your organization

Actively communicate how donor dollars are being spent and how they are contributing to the organization's cause

Plan and execute strategies designed to provide long-term financial resources

Review your existing planned giving program on an ongoing basis to address your goals and objectives

Manning & Napier Can Help

Manning & Napier offers a full spectrum of fundraising services. Together, we can identify tools and strategies that will provide customized solutions to help meet the charitable and financial goals of your organization.

Helping You Help Others

We recognize that there is no one-size-fits-all approach for endowments & foundations. We offer services that align your goals with the right tools to achieve them. From meeting spending needs and evaluating investment options, to fiduciary best practices and fundraising support, Manning & Napier is committed to partnering with your organization to help it achieve its mission.

Fundraising Support

Customized strategies that can enhance your fundraising efforts

Portfolio Management

Assistance with every aspect of portfolio management

Spending Policy Analysis & Design

An evaluation that helps determine and achieve the proper balance between short-term spending needs and long-term goals

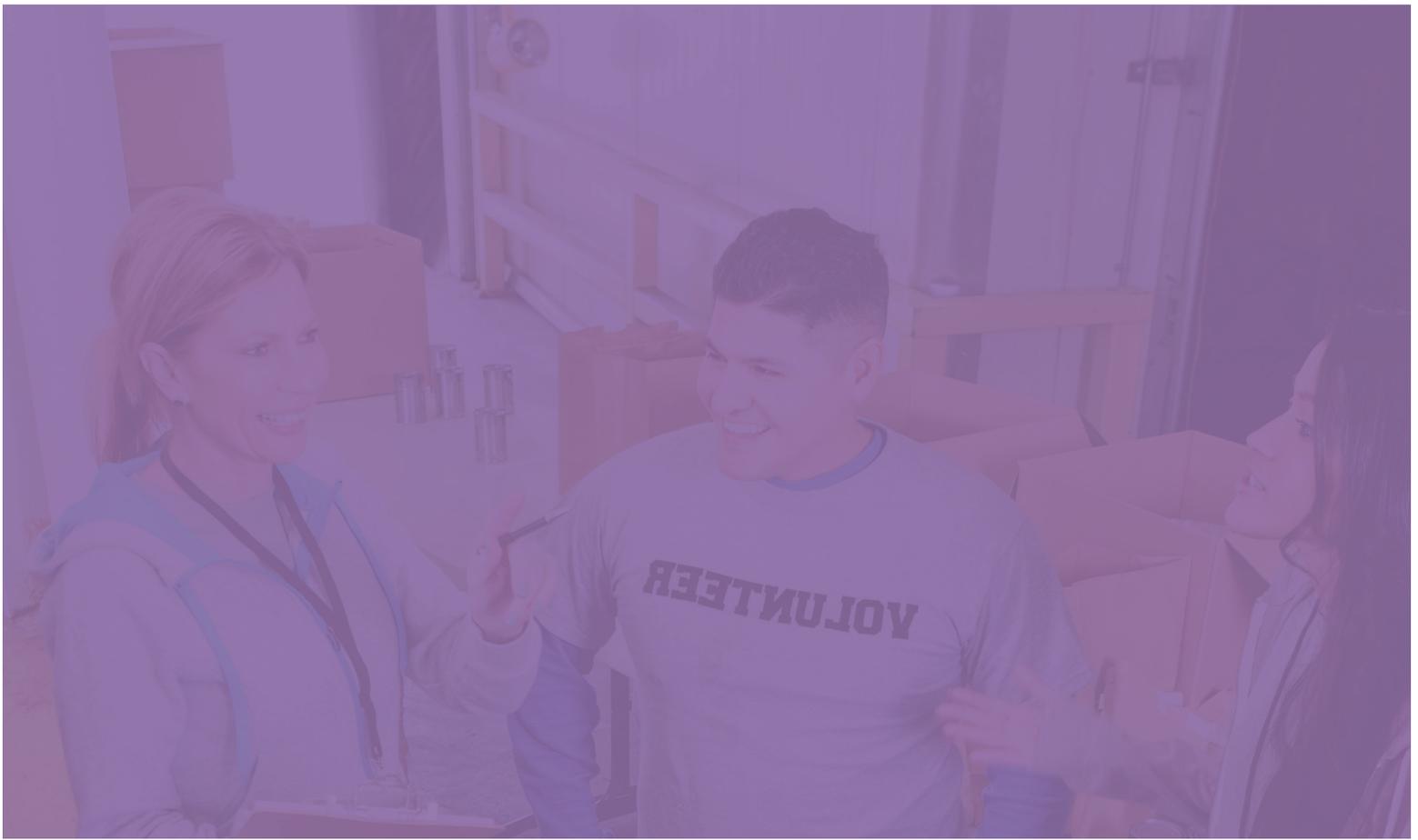
Board & Staff Education

Services that help ensure your board and staff make well-informed decisions

Ongoing Monitoring

An annual meeting to discuss your consolidated progress report

To learn more about these services, please visit us at:
www.manning-napier.com/EFservices



Visit www.manning-napier.com/EFservices for additional resources.

