

Major Gift Fundraising for Small Nonprofits



A step-by-step guide to developing donor relationships that stick and pay off



Why small nonprofits need major gifts



If you're part of a small nonprofit organization, it's possible you haven't spent much time pursuing major gifts. After all, isn't that something that falls into the territory of larger nonprofits?

The answer to that question is a resounding "No. No, it is not."

All nonprofits, no matter how small, should turn their focus to soliciting more major gifts.

Why? According to the Fundraising Effectiveness Project, 88% of all fundraising dollars are generated from 12% of all donors. Think about that. If your nonprofit is like most, only a fraction of your donors provide the vast

majority of your funds. These gifts are likely the foundation of your organization.

By focusing on major gifts, you can ensure the viability of your nonprofit organization for years to come — with less effort and in less time. The key is understanding exactly how your organization should define major gifts, as well as the essential steps needed to identify and cultivate major gift donors.

88% of dollars raised comes from 12% of donors.

1. What is a major gift, exactly?

As with anything else, the words "major," "big," and "large" mean different things to different people. The same goes for major gifts. For some nonprofits, any gift over \$1,500 would be considered cause for celebration.

Other organizations may categorize gifts greater than \$100,000 as major. However, that doesn't mean you should randomly pick a number to determine your nonprofit's major gift threshold.

First, let's go back to those statistics in which a fraction of donors provide nearly 90% of donations. Review your donation history from the past year. Do you have a certain number of donors that fall into the top 10% or 15% in annual giving? If so, what are those amounts? Use those numbers to determine how you will define a major gift. A good donor database will help you gather those numbers more efficiently.

The amount may be \$1,500 if numerous top donors give between \$800 to \$2,000.

Likewise, a major gift could range anywhere from \$750 to \$750,000, all depending upon the history of donations at your organization.

To ensure your success with encouraging major gifts, you must start with a target that's realistic and attainable.

Regardless of what your nonprofit considers a major gift, it's more important to keep in mind how your donors define "major gift." With that donor-centricity in mind, your major gift range will expand to include smaller gifts. One donor may consider \$200 a "major gift," while others may categorize \$200,000 as major. Generating major gifts is less about what is major to you than it is what is major to your donors.



II. Now, examine your fundraising efforts

Anytime you're trying to head in a brand new direction, you need to take a hard look at where you've been. In this case, it's important to analyze your current fundraising efforts. Here are a few critical questions to ask:

- Do you spend a lot of time chasing after new donors?
- What percentage of your donor base consists of long-term donors?
- What percentage of donors support your nonprofit with major gifts?
- Are you puzzled by these questions because you really don't know?

More than likely, not nearly enough of your donors are loyal, supporting your small nonprofit shop year after year. It's just as likely that very few of them are committed to providing major gifts. And if you don't have a clue about any of these metrics, you need the tools to help you find this critical data. But we'll get to that later.

At this point, the most important thing to grasp is that your small nonprofit absolutely can start getting more major gifts in larger amounts. We'll walk you through the most important steps, including the following:

- Boosting donor retention rates
- Identifying major gift donors
- Asking the right questions
- Getting the right people involved
- Measuring your results

“Are You Spinning Your Wheels?”

More than likely. For every 10 donors you gain, you'll likely lose about 6, according to statistics produced by the Fundraising Effectiveness Project.

III. Boost donor retention rates



First things first. You'll need to solve your problem with donor retention rates before you attempt soliciting major gifts.

Major donors need to understand the importance of your mission, trust you, and truly believe their gift will have a significant impact. That type of understanding takes time. Building strong relationships with your donors — relationships that last — will generate that understanding.

An individual or group will be more likely to donate major gifts — whether in the amounts of \$1,000 or \$500,000 — if they have been retained for multiple consecutive years. Donor retention success is the key to major gift fundraising success.

Whether you're building relationships as part of your professional fundraising efforts or in your personal life, the ingredients for making them successful are fundamentally the same. There's no reason to change a formula that has been working for centuries.

For our purposes, we'll describe these actions as "touch points" but keep in mind they're simply avenues for making a connection with another person. These "touch points" can include:

- Timely gift acknowledgements
- Updates on how donations are used
- A handwritten note
- A telephone call
- An invitation to an exclusive event
- An invitation to coffee or lunch
- A tour of your facility
- A quick survey or feedback solicitation

Consistently nurturing donor relationships through these type of touch points can significantly improve your overall donation levels by boosting donor retention. But that's only part of it; you can't deliver stale, boring communications and expect to see results. Sincere, heartfelt messages about your appreciation will help you connect with donors just as they would with the people in your personal life. Take the time to make those communications special.

No more shortcuts.

We get it: Relationships take time. Maintaining close, meaningful relationships with one, two or three of the important people in your life requires a lot of effort and time. Now, we're asking you to build meaningful relationships with hundreds or thousands of donors. It may seem overwhelming, if not impossible.

But it would be a huge mistake to take shortcuts in creating and growing your donor relationships. You could get a few gifts out of your half-hearted, generic efforts, but the benefits likely would be short term. If anything, a donor who feels unappreciated may simply stop giving. By sending out inconsistent communications, you're jeopardizing your chances of retaining donors who could provide major gifts further down the road.

The good news is you don't have to take shortcuts. You can generate personalized emails, texts, and letters and connect in other ways that will make your donors feel that their gifts truly matter. The key is targeting different segments of your donor base with the right types of messages. The nonprofit charity: water regularly provides updates to its donors about how their contributions are being used, sometimes with video.

charity: water update

▶ PLAY

WE HAVE AN UPDATE ON YOUR DONATION

CAMPAIGN YOU GAVE TO | AMOUNT DONATED | WHERE YOUR MONEY WENT

Activism: Caring and making a difference | **\$10.00** **23** | Niger

You donated to bring clean, safe drinking water to Niger. We want to update you on the work in progress!

WATCH THE VIDEO

IV. Identify major gift donors

Of course, not all of your donors will become major gift donors. As those FEP statistics revealed, you're likely looking at the top 10% to 15% of donors falling into that category. Your communications strategy should tailor efforts based on different levels of giving. It would be a mistake to communicate with all of your donors in the same way.

As a start, divide your donors into one of the following four categories:

Donors who have given 5+ years	Donors who give top 12% of your funding
Donors with high engagement levels	Donors who have given once

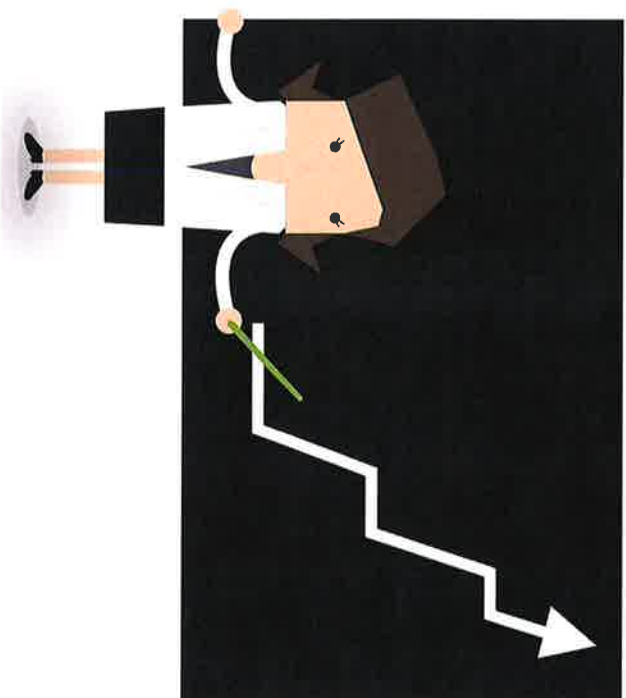
Concentrate your more specialized messaging — handwritten notes, personal invitations and other forms of stewardship — on individuals who have been loyal to your organization for five or more years. (Yes, by all means, invest plenty of effort in communicating with your current major donors ... you need them to stay. Make them feel special.)

Finally, use your donor management software to identify your most engaged donor. Those who regularly volunteer, attend events or promote you on social media, for example, could be future major gift donors no matter their current donation levels.

Also, take the time to increase your level of communication with current donors who have been loyal to your organization for 1 to 5 years. Another group that should receive an extra level of nurturing are donors who have given only once. They have the lowest retention rates. Make sure they understand your mission and how their gifts make a difference.

Here are some other key actions to keep in mind:

- With new donors, it's important to build a relationship within the first 90 days. Make an impression by sending a thank you letter, a new donor survey, and a welcome kit, for example. For donors who make above average gifts, a phone call — even if it only results in a voice-mail message — can leave a great impression.
- Get to know your repeat donors, including their interests and reasons for giving. This will help you provide more personalized and relevant communications.
- Your longest-running donors represent your inner circle. Keep them involved in high-level future planning, and solicit their opinions frequently. Here, the old adage "If you want money, ask for advice - and if you want advice, ask for money" rings true.



V. You absolutely must 'ask!'



There's no doubt that you can build incredible relationships with your donors by writing heartfelt thank you messages, sending email messages that clearly paint a picture about results with your mission, and occasionally talking to them over coffee. After all that, you can hope that those interactions will lead to major gift donations. However, it's unlikely until you actually ask.

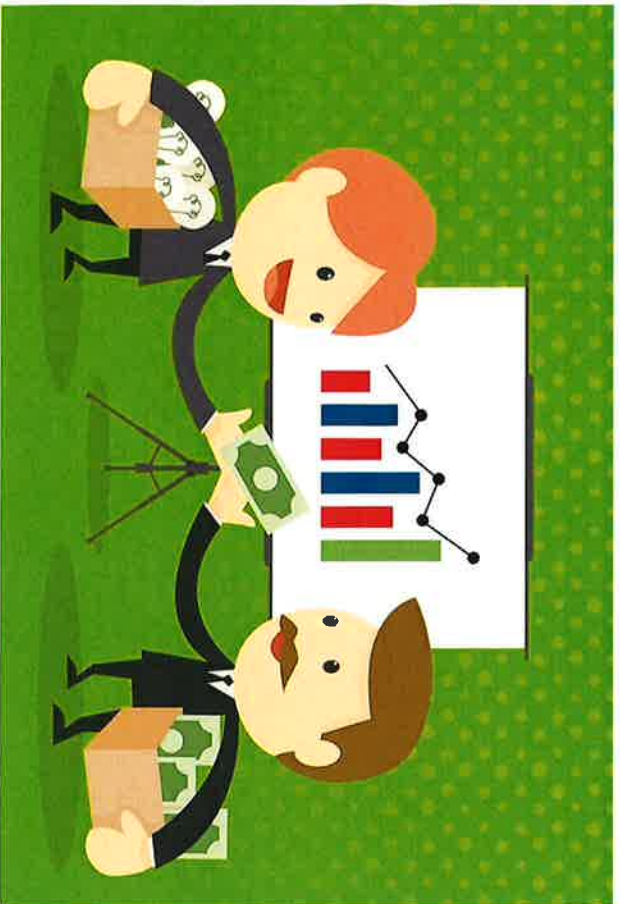
gift fundraisers, through a collaboration with the Institute for Charitable Giving. After all was said and done, the most critical action in raising major gifts was taking that final step — making the "ask."

That was the finding of Informal research we conducted with some of the nation's top major

Let's take a quick look at that study. This chart outlines the most important metrics we tracked among the fundraisers during a month-long period

Major Gift KPI	September Goal	September Actual
New Prospects	15	17
Total Prospects	140	130
Outgoing Emails	500	558
Outgoing Phone Calls	250	243
Letters Sent	50	40
Asks Made	20	18
Gifts Secured	\$200,000	\$224,000

- Green = Achieving the target amount or higher
- Yellow = Achieving at least 90% of the target
- Red = Achieving below 90% of the target



Following the exercise, we reviewed the scorecards that noted the following:

- New prospects
- Total prospects
- Appointments set
- Appointments kept
- Site visits made
- Referrals
- Outgoing emails
- Outgoing phone calls
- Outgoing letters/notes
- Gift proposal in dollars
- Asks made
- Gifts secured

Best indicator of success?

As pointed out earlier, all fundraisers agreed that best indicator of major gift success was the number of “asks” made. Making calls, sending letters and emails, and inviting donors to the site all were important steps leading up to the “ask,” they determined. However, those actions by themselves did not signify ongoing success unless fundraisers took that final step and asked for the donation.

Tip

As with your personal relationships, you wouldn't ask your aunt for \$500 without an explanation of why you need it. Well, maybe you would if you have a rich aunt. At any rate, when asking for a major gift, make sure you detail how the funds will be used. Donors support your organization for a reason. Connect with them on that emotional level, and be specific. For example, a nonprofit that serves community youth could explain how \$1,500 would boost computer literacy with the purchase of four laptops. They also could outline the importance of computer literacy to long-term employment which, in turn, benefits the community.

Tip

Do your own scorecard to measure which of your fundraising activities are most effective. Seeing is believing. It can get your team motivated to make more “asks.” It also can give you insights about which activities leading up to the “ask” boost the effectiveness of your campaign.

One more important “ask” ...

Don't simply ask for that one-time donation or recurring donations. Ask for referrals. Anyone in the commercial sales industry already knows the importance of asking for referrals. Yet, it's a step that nonprofits often fail to consider. Ask your donor base if they know of friends and relatives who are as passionate about your cause as they are. It's a great way to get an endorsement for the good you do since people tend to trust the recommendations of their friends and relatives.

VI. Who should 'major' in major gift fundraising?

Not everyone is equipped to handle major gift fundraising. That's to be expected. We all have specific talents that make us better suited for certain roles than others. In most cases, major gift fundraising is well suited for people who are extroverted and love engaging with others in a variety of settings. They enjoy building and nurturing relationships. They don't hesitate to pick up the phone to make a call. And, most important, they're not fearful of asking for a large donation.

Here's another trait to consider for major gift fundraisers: Those who have some history with your organization. Since nurturing relationships with major gift donors takes time, individuals who have been committed to your organization for several years will be more successful with major gift fundraising. Your donors will be familiar with them because they're the ones who have been making those 18 to 24 important touches over 3 to 5 years to connect with them.

Don't limit your options to staff. In addition to your CEO, major gift fundraisers can include your board members and active, committed volunteers.

Assess your skills

Do you have the potential to be a major gift fundraiser? Do the following statements fit you?

1. I always reach for the phone to place a call rather than doing anything on my computer.
2. I prefer asking for a major gift rather than planning an event.
3. I strive to exceed revenue goals rather than reducing expenses in a budget.
4. I love reaching out and involving board members in fundraising rather than editing a grant proposal.
5. When I look ahead on my calendar every breakfast and lunchtime slot is filled with major gift prospects and donors.

If you answered "yes" to at least four of the five statements, you should be on the major gift fundraising team. Did you say "yes" to at least 3? Some extra training could make you effective with raising major gifts. If you only answered "yes" to 2 or less of the statements, major gift fundraising may be a difficult challenge for you to embrace. Find an area in your organization to maximize your talent.

VII. Capture data, measure results

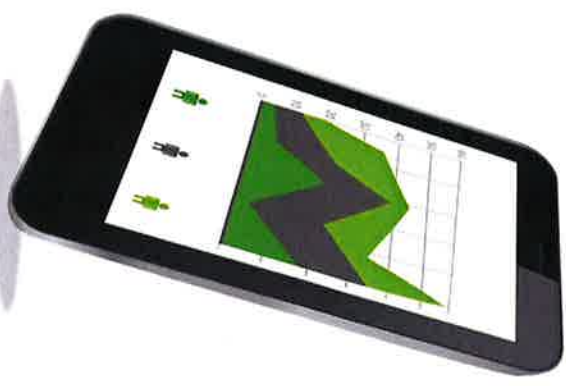
Now that you developed your strategy for gaining more major gifts, you need the tools to make it a success. You could manually sift through your donor data to find out which donors are more likely to welcome the opportunity to become major gift donors. You also could take the same approach to segmenting your donors so that you can send more targeted communications.

However, a donor management system will give you the tools to track data, implement strategies, measure results, and quickly update your communications.

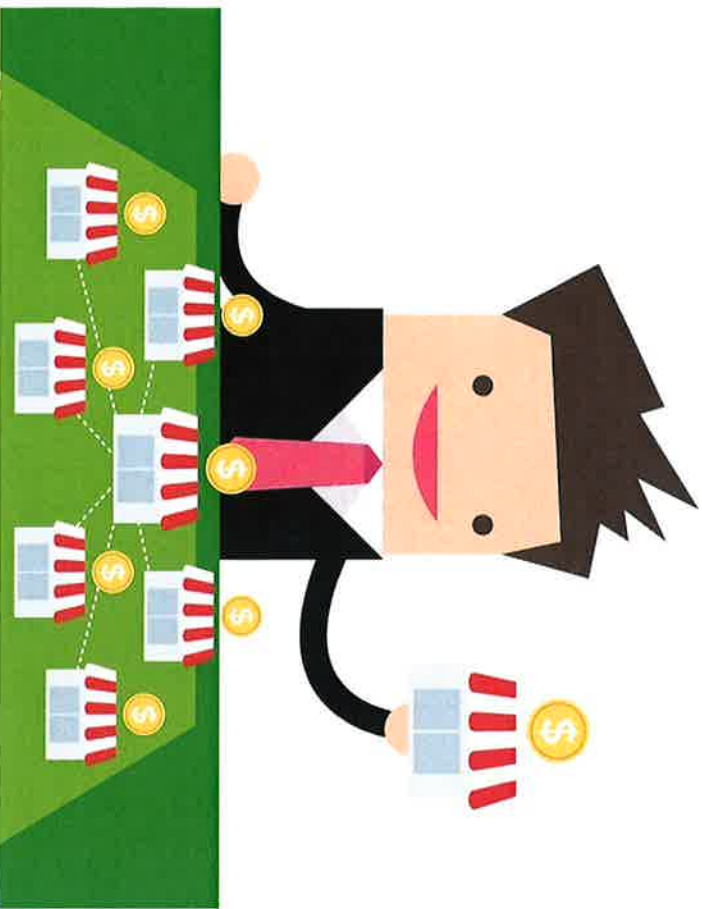
Unfortunately, many nonprofits are missing out on the opportunities to engage their donors on a deeper level because they're not focusing on critical fundraising metrics. Major gift fundraising is not a sprint. It's a long-term endeavor that requires getting insights on other metrics beyond dollars raised, and acting upon them.

Proper database technology, which enables all of your team members to quickly and easily assess communications with your top donors, is a critical component of any small nonprofit's strategy to gain major gifts. Not only will it help you send out communications that are specifically designed to address the interests of your donors, they can help measure donor engagement.

Think back to that analogy about building personal relationships. If you have signs about how donors are engaging with your messages, you can respond more thoughtfully with personal phone calls, texts, emails or handwritten letters. Perhaps it's time to reach out with a coffee or lunch invitation, or a tour of your facility. These steps are important to developing the type of long-term donor relationships that lead to major gifts.



Small Shops, Major Gifts



Building relationships that lead to major gifts takes time. And your small nonprofit shop and small staff are totally up to the task — as long as you're operating with the right strategy and tools to help you leverage your efforts. With a user-friendly donor management system, you can identify top prospects for major gift donors, genuinely nurture relationships with meaningful communications, and use metrics to continue to follow up — for the long haul.

Start soliciting major gifts

To get started on your strategy for major gifts, check out more insights from the research study Bloomerang co-sponsored, "Major Gift Fundraising."

FIG. 15 | MAJOR GIFT FUNDRAISING FOR SMALL NONPROFITS

About the author



Jay B. Love, the CEO and co-founder of Bloomerang, has served the nonprofit sector for over 33 years. He also is the current Chairman of the Association for Fundraising Professionals (AFP) Ethics Committee.

Jay was the Founding Chairman of NPower Indiana, Founding Member of TechPoint Foundation and Founding Member of the AFP Business Member Council. He continues to actively serve as a board member of Conner Prairie Interactive History Park, the Butler University Innovation Fund, the United

Methodist Foundation of Indiana, TechPoint Foundation for Youth, and the Fundraising Effectiveness Project.

Jay and his wife, Christie, served as co-chairs for the Indianapolis YMCA 2011 Capital Campaign. They are the proud parents and grandparents of three children and five grandchildren.

