

Introduction to Major Gifts



After reading this chapter you will be able to:

- Define a major gift for your organization
- Build a prospect-centered program
- Determine your readiness for a major gifts program

What Is a Major Gift?

Major gifts are an essential component of successful nonprofit fundraising programs today. Effective major gift programs raise more money at less cost for an organization's identified needs than any other fundraising programs. Without major gifts, organizations are forced to depend on the lower and less efficient returns of annual fund, direct mail, telemarketing, special events, and online fundraising efforts. It is easy to understand why organizations desire major gifts. But what exactly is a major gift, why do donors make large gifts, and how can an organization prepare to launch a major gifts program?

Some major gifts are instantly recognizable. When a nonprofit announces that a long-term supporter has contributed \$1 million to build a new facility, even a

casual observer would call that a *major gift*. A gift of \$500,000 to establish an endowment to support a pressing need, such as a community health program, would also be easy to define as a major gift. But what about the donor who raises her annual contribution from \$500 to \$1,000? Or the company that makes a one-time grant of \$10,000 to underwrite an event? In order for your organization to create an effective, ongoing program to attract major gifts, you must first define what gifts you will be seeking.

Defining Major Gifts by Size

Probably the simplest way to define a major gift is by size of the gift. It is useful to look at the historical dollar levels of annual gifts made to your organization when setting the entry dollar level for your major gift program. Most organizations count on a large number of small annual gifts, paid within a fiscal year by cash, check, or credit card, to keep their programs running. Study the pattern of these small, regular annual gifts in order to determine the highest level typically given within a normal year by your top group of annual donors. Ignore any unique, large, one-time gifts or grants that skew the regular gift pattern. Then set the entry level for your major gifts program at a dollar level from 5 to 10 times above this “normal” giving cap.

What your organization defines as a major gift needs to fit the circumstances, needs, and historical fundraising performance of your institution. There are organizations that will struggle to find donors who can contribute \$1,000; for them, setting a major gift entry level of \$25,000 is not a realistic option. Some sophisticated nonprofits, including hospitals and universities that have had major gift programs for years, identify various tiers for their major gift donors, beginning at five-figure levels and going all the way up to seven- and eight-figure gifts (see Exhibit 1.1).

Defining Major Gifts by Purpose

Many major gifts are given for a specific purpose, further distinguishing them from the annual gift, which is usually unrestricted for current operations. Major gifts are likely to be given in a restricted manner to accomplish a specific purpose valued by the donor. Gifts can be solicited for specific purposes, based on both the organization’s needs and the donor’s stated preferences. Most major gifts are given in order

EXHIBIT 1.1

Defining the Base Level Major Gift

Set the entry-level major gift 5 to 10 times larger than the highest annual gift typically received by your organization.

If Your Highest Level of Annual Gift Is:	Set Your Entry Level for a Major Gift at:
\$500	\$2,500 to \$5,000
\$1,000	\$5,000 to \$10,000
\$2,500	\$10,000 to \$25,000
\$5,000	\$25,000 to \$50,000
\$10,000	\$50,000 to \$100,000
\$25,000	\$100,000 to \$250,000
\$100,000	\$500,000 to \$1,000,000

to further the stated mission and goals of the nonprofit, but it is up to the nonprofit's leadership to determine if a specific gift is appropriate for the organization's needs and future goals.

A major gift can be made for any of these purposes:

- Unrestricted gifts
- Restricted gifts
- Capital gifts
- Programmatic gifts
- Gifts for endowment

Unrestricted Gifts

Unrestricted gifts can be used within the current fiscal year to meet the needs of current operations, such as salaries, ongoing programs, overhead, utilities, maintenance, facility upkeep, and the like, as identified within the organization's budget process.

Restricted Gifts

A restricted gift is a gift where the donor places a restriction on the use of the funds, such as when, where, and how the money can be spent. An organization is legally required to see that the funds are used as the donor requests. It is incumbent on the organization to not accept a restricted gift if the leadership feels that it cannot, or will not, use the funds as restricted by the donor.

Capital Gifts

Capital gifts are restricted by the donor for use in a specific capital project, usually in response to the stated need of the organization, such as construction of a new facility, renovating a facility, buying land, or other one-time capital outlay.

Programmatic Gifts

Programmatic gifts are restricted by the donor to initiate or support ongoing programs that serve the mission of the organization, such as educational outreach, or to provide specific services, such as delivery of food to the homeless.

Gifts for Endowment

Endowment gifts are those wherein the principal gift amount is invested and preserved, and only the interest income is spent on a purpose identified by the donor. Endowed gifts may be unrestricted or restricted in purpose, depending on the donor's stated desires.

Note: It is the donor, not the nonprofit, who determines the use of a gift.

Nonprofits are not required to accept gifts for a purpose they do not intend to honor, and in practice most major gifts are negotiated agreements between the donor and the nonprofit's executive or board leadership. An organization can work with the donor to specify the use that it desires for major gifts, or it can solicit major gifts for a specific purpose. For instance, a nonprofit board might decide that it wishes to start a new program to underwrite a community initiative that requires programmatic funds, and it can solicit major gifts that are restricted in support of this program. These restrictions, or the terms of the donation, are best worked out with the donor in advance of the contribution and preserved in writing to prevent future misunderstandings.

Types of Major Gifts

Your organization also will need to define gift policy for acceptance of certain types of larger gifts. Although some major gifts come in the form of a check for all the money at one time, it is much more common to have donors pledge large gifts over a period of time. Many major gift donors also consider some type of planned giving arrangement either to preserve a tax advantage or to meet an estate planning goal when giving away large sums of money or other assets. It is useful for the organization to review and define its policies in these areas when starting a major gift program.

Outright Gifts

Cash or checks that cover the gift amount in full are the easiest form for a nonprofit to accept a major gift, but these outright gifts don't always meet the donor's needs.

Pledges

The most common way in which donors pay off a major gift is through pledges. Most organizations set a time limit on pledges of from three to five years, depending on their financial situation and the cash flow needs of the project being supported by the pledge. Pledges of 10 years and longer are sometimes offered, however, so your organization needs to decide whether this is an acceptable way for you to receive the funds.

Remember to get any pledge agreement and timetable in writing and keep it in your files to avoid future misunderstandings. Often the people who originally negotiated a gift have left the organization by the time a 5- or 10-year pledge is fully paid out.

Gifts of Stock or Other Negotiable Securities

Due to the tax benefits of making a gift of appreciated stock, many donors of major gifts find this a useful way to fulfill their contribution or pledge. Make sure your organization can handle the timely transfer of privately owned stock or other securities and that the financial staff and the advancement staff communicate with each other when these gifts are received and booked.

Planned Gifts

The connection between planned giving and major gifts is an important one that will be discussed more fully in Chapter 8. For now, however, consider whether your

**LIVE & LEARN*****You're Giving to What?***

A wealthy alumnus who had long supported the school's athletic program through annual gifts was being courted for a big gift to the campaign for the athletic facility renovation. After several meetings with the athletic director, he agreed to a \$500,000 pledge. The school was thrilled—for a week. He called back to explain sheepishly that when his wife found out, she told him they would only support academic programs. "You know," he said, "our foundation is funded from her side of the family."

Moral of the story: Find out who makes the decisions, and include them in the process.

organization needs to set policies concerning the acceptance and counting of major gifts that are also planned gifts.

Many organizations receive their largest major gifts through bequests. It is not uncommon for a donor who might have supported a nonprofit for years with smaller gifts to make a larger gift in her will or estate plan. There are many ways you can encourage this kind of long-term giving relationship, especially through the positive stewardship of the donor's gifts over many years.

Recognition of Major Gifts

Most organizations announce and recognize major gifts at the time that they are promised in writing, even if the gift involves a pledge over a period of time. (Bequests and other deferred giving arrangements are an exception to this rule; see "Tips & Techniques.") Many organizations are eager to announce large gifts as soon as they are closed, in order to show progress toward major goals, keep the rank-and-file donors motivated, and raise the sights for other potential major gift donors.

Public recognition is the currency of major gift giving in most American nonprofits today. Recognition involves making an agreement, either implicit or explicit, that the donor will receive a certain type of public naming, signage, or other nonmonetary consideration in return for giving a gift of a certain size. Often the

recognition offered escalates with the size of the gift. A small number of donors request anonymity, which, ironically, is sometimes harder for an organization's staff to grant than public recognition.

Recognition can be granted through a number of means (see Exhibit 1.2). Your organization can put up signs or plaques to name spaces, such as rooms, labs, computer facilities, offices, conference rooms, gardens, courtyards, buildings, wings, or even an entire campus. These recognition options are most often used during a capital campaign, but they can be awarded at any time for an appropriate-level donation if the organization has unnamed spaces that are attractive to donors.

An institution also can choose to recognize major gift donors through linking the donor's name to programs, dinners, events, or other types of public activities. Often these gifts are viewed as either one-time or ongoing sponsorships and are priced according to the visibility associated with the program or event in the community at large. Some organizations separate the solicitation and recognition of major gifts per se from sponsorships and the purchase of dinner tables at fundraising events; however, as long as you are consistent, you can set whatever policies you and your volunteers desire.

EXHIBIT 1.2

Sample Recognition Chart
(Independent School)

Gift Level	Recognition Awarded
\$10,000	One-time program sponsor, listed in annual report
\$25,000	Program sponsor for 3 years, listed in annual report
\$100,000	Name engraved on wall, named scholarship fund
\$250,000	Name engraved on wall, named teaching fund
\$500,000	Name engraved on wall, named endowed teaching position
\$1,000,000	Name engraved on wall, name on small theater
\$5,000,000	Name on signage on exterior of new arts building

Printing the names of donors on lists, annual reports, and programs is another popular method for recognizing major gift donations. It is wise to print any donor lists with a cutoff date to ensure that late donors are not miffed at being left out. Donor walls can be a very attractive option for major gift donors, especially if they are located in a prominent place within the installation and can be easily viewed by guests and visitors.

Major gift donors also respond well to a wide variety of small gifts and benefits that are specially arranged for them. Be careful that your organization isn't spending more than donors give to recognize their gift! Also be sure to follow all IRS rules for informing donors about the cost of gifts that they are receiving; such gifts might have to be subtracted from the amount of the gift that is tax deductible.

Popular examples of gifts and benefits for donors include:

- Engraved plaques
- Special membership benefits
- Commemorative crystal pieces or small sculptures
- Posters and framed prints
- Signed books
- Special behind-the-scenes visits or tours
- Invitations to private lunches or dinners

Some organizations initiate donors above a certain level into formal leadership gift societies, replete with proclamations and medals. Even anonymous donors appreciate being invited to a private dinner with the chair of the board or the



RULES OF THE ROAD

Development counting means learning how to count a gift three times:

1. When it is promised
2. When it is given
3. When it is spent

executive director of the nonprofit. In general, if it's in good taste, if it matches the needs of the donor and the organization, and if it is agreed on by all parties, you can recognize a donor in any creative way you wish.

It is important to iron out recognition issues at the front end of the gift, when the gift is being negotiated, and put in writing the agreement between the donor and the institution receiving the gift. This avoids hurt feelings, angry donors, and even lawsuits later on in the lifetime of the gift. Some donors make a contract with an organization outlining the recognition to be awarded. Some organizations prepare a gift agreement, signed by the donor, with the specifics of the gift recognition. Whether your arrangements are formal or informal, make sure to leave records for those who come behind you at your institution.

Prospect-Centered Major Gifts

In order to raise major gifts, the nonprofit organization should focus on creating a *prospect-centered program*, a program that develops the capacity to engage and solicit donors individually, based on each donor's unique interests and needs. Most major gifts are solicited through a face-to-face meeting, in which volunteers and/or staff members of the organization attempt to show how the donor can help the organization. *It is also important to consider how the organization will meet the donor's interests and needs.* To meet those interests and needs, fundraisers need to understand what motivates donors to make lasting contributions through larger gifts (see Exhibit 1.3).

Personal Meaning

With a few exceptions, most donors aren't born, they are created. Of course there are a small number of recognizable family names with third- or fourth-generation wealth, where each new generation is inculcated with the spirit of philanthropy from birth. The norm in America today is that most donors of big gifts give because the cause they are giving to is meaningful to them. Philanthropy could be defined as an investment in a meaningful cause by one who has funds left over after personal (and family) material needs have been met.

Each individual selects the definition of what is a meaningful cause to him or her. It may be political, religious, educational, or health-oriented. It may involve

EXHIBIT 1.3

What Motivates Donors to Make Major Gifts?

- Commitment to the nonprofit's mission and goals
- Desire to bring positive change to a community or society
- Religious and personal values
- Interest in setting a good example for others
- Peer pressure and expectations or a request from a peer
- Desire to share one's wealth with others less fortunate
- Public recognition for oneself or family members
- Desire to make a "major impact" in solving an issue or problem
- Tax consequences, estate planning, or financial planning goals
- Family history and upbringing

the arts, the homeless, those who can't read, or those with cancer. The world has recently seen a huge outpouring of generosity on behalf of millions of survivors of the Asian tsunamis; closer to home, millions have been raised for Hurricane Katrina relief. Beyond these huge disaster relief efforts, however, most donors tend to give their largest gifts to organizations that promote lasting benefit in their own communities.

Many gifts arise from a sense of religious obligation and are a response to moral teachings to provide help for those who are less fortunate. For example, in the Jewish faith, a core value known as *tzedakah*, or the giving of charity, aid, and assistance to the needy, is considered an obligation for all Jews. All of the major faiths teach the values of compassion and support for those in need. Although Americans give more annually to their religious institutions than to any other type of nonprofit, their decision to give to any organization, religious or otherwise, is almost always aligned with their core personal values.



RULES OF THE ROAD

It takes money to raise money.

A key motivating point for donors who make major gifts is the desire to effect change. In our society, most people believe that one's life and actions can effect change and bring improvement to the lot of others. This feeling of active involvement, of driving change through one's personal commitment, is at the heart of many major donations: *Donors wish to have an impact on solving a problem or issue, in alignment with their personal values, where they feel they can make a difference.*

Opportunities for volunteer involvement and activity can also become a catalyst for major donations. Most nonprofits have become adept at the use of volunteers for a variety of tasks, from serving on the governing board to implementing the services that they provide to meet their mission. Many donors give where they are involved, and if they are involved in more meaningful ways, they may give in more meaningful ways. In some cases the donor of a major gift may want to join the organization's board or play a larger role in how the organization moves forward. This desire may become a benefit or a hindrance to furthering the relationship with the donor, depending on how open and inclusive the organization is willing to be.

The great majority of decisions about large gifts are made with forethought and planning. Few donors just respond off the cuff to a request, no matter how eloquent or moving, for hundreds of thousands of dollars to support a cause. Underlying their decision to make a major gift, donors are making a host of smaller decisions that ultimately will affect their gift to an organization. They are asking themselves questions about the meaning of the gift, the organization's direction, and whether their own goals are aligned with those of the nonprofit.

Aligning the cause you are fundraising for with the values of those you seek to attract gifts from is crucial to developing and maintaining a successful major gifts program. In order to attract the attention and support of donors who wish to make an impact on their world, your organization needs to have a vision and a plan for how



TIPS & TECHNIQUES

Questions a Donor Might Ask When Making a Major Gift

- What is this organization doing that is meaningful to me?
- Can I make an impact by giving to this organization?
- Do I agree with the vision, direction, and goals of this organization?
- Are the people who support this organization the kind of people I want to associate with?
- Are there ways I can get involved in this organization in addition to giving money?
- Is this organization going to make good use of my gift?
- Will my gift be put to work to effect change in the areas I care about?

the work you do will effect change. Providing the donor with the opportunity for meaningful interaction with your organization and the people you serve can be a powerful motivational factor.

Donors and Motivation

Major gift fundraising also involves inherently egocentric rewards, such as donor recognition, naming rights, and ongoing stewardship and attention from the organization. The donor's decision to align with a specific nonprofit, and to make a major investment of funds, is often the product of a combination of factors, ranging from philanthropic to egocentric. Different donors respond to different stimuli. The art of major gift fundraising is to appeal to the right donor with the right opportunity at the right time.

Recognition is the most widely practiced "return on investment" for the major gift donor. Recognition may be private—as in a quiet thank-you dinner with the chair of the organization—or it can mean emblazoning the name of the donor on the front of your building. It all depends on what the donor desires, how much he

or she gives, and what the nonprofit has to offer for recognition purposes. Most major donors like to see their name in publications, lists, and engraved on donor walls, especially if it's spelled right. Others, generally in the minority, give anonymously or give with little interest in seeing their name in lights; they may desire privacy, they may not want to be called on by the next organization that needs funds, or they may be genuinely humble.

The public recognition of good works makes many people feel better about themselves. Although this may seem self-serving, there are also other reasons for wanting to make a large gift public. Leaders on a nonprofit board, for instance, often want to set the pace and show other potential donors the generous gifts they have made to promote additional giving. Many donors who make gifts large enough to earn "naming rights" will name something for a deceased family member, such as a child, parent, or other loved one, whose name is thus honored forever through the act of donation. In any case, there are worse ways to earn public approbation than seeking recognition by making a large charitable donation; one could argue that this type of public display furthers the common good.

Peer acceptance and approval also play a role in charitable giving, just as they do in many other social and business practices. Board leaders, for instance, often establish a standard expectation of gift size, either formally or informally, through their own giving levels. In order to be a member of a board's inner circle, many board members will ante up to an informal or "accepted" giving level. Working with the board to help identify the early gifts that set this peer giving level is an important objective for the executive director or advancement vice president.

Sometimes a group mentality develops in major gift giving, when donors wait to see what friends and colleagues are giving to a program before making their own commitment. Reunion gifts within a class at a university follow this kind of pattern, for instance. Some donors, especially those who enjoy a competitive spirit, play a kind of one-upmanship game with each other, trying to top each others' gift levels through a friendly charitable competition. The use of celebrities to make a pitch for a nonprofit organization also can tap into the urge to see and be seen in a project that attracts notice from people who are outstanding or who are exciting to be around.

Peer solicitation, probably the most commonly observed practice in major gifts work, is at its root another method of encouraging donors to do what their peers are doing. Experienced volunteer solicitors tell the prospect the level of their own gift and ask the prospect to match that level or to do something similar. Often, major gifts are solicited by business associates and friends of the prospect for just this reason: It is hard to say no to someone with whom the prospect wants to be considered a social or business equal. Sometimes major gifts are solicited by a peer whom the donor “owes,” in the sense of needing to return a favor, or a friend who asked the prospect to give to a favorite nonprofit. The key to the success of the solicitation often is figuring out these kinds of social patterns to get the right solicitor matched to the right donor.

The Role of Money and Timing

Donors of larger gifts also have a variety of financial issues to consider, over and above the personal motivational forces just discussed. Unlike gifts to the annual fund or other small contributions, which often are made by cash or check from the donor’s available cash flow, the size and timing of a major gift results from the complex interplay of a variety of financial issues. These issues include factors such as income, assets, and taxes, combined with long-term issues such as estate planning, financial planning, and family attitudes toward money. Getting to know your major gift prospects also means learning to understand their attitudes, values, and plans with regard to their financial situation.

Take the interplay between income and assets, for instance. Most small gifts are made from income; many major gifts, however, are made from the donor’s assets. This dependence on asset-based giving is the reason that many major gift professionals also need to become conversant with the basics of planned giving. A donor, no matter how willing, is probably not going to sell his primary home to make a large gift to your organization, but he might sell or gift to you his vacation home. The tax benefits that will accrue to the donor and the selection of the best asset to use to make the gift often make a big difference in increasing the gift size.

Family circumstances, timing, and attitudes toward inheritance will also affect major gift giving. Donors nearing retirement age, for instance, often are concerned about their ability to live on the assets they have accrued during their working years.

Planned giving vehicles, such as charitable gift annuities, bequests, and charitable trusts, are useful tools with donors in these circumstances. Some wealthy older parents feel that their middle-age children have all the financial wherewithal they need and are open to giving accumulated assets to a charitable entity; others find that their children are less secure financially and want to care for family members first.

Organizations may also find that the purpose of a gift varies with the donor's attitudes and interests in financial matters. For example, some major donors are interested in seeing all of their money put to work right away in order to make an immediate impact; they may be better candidates for gifts to support capital projects or educational programs. Other donors, especially those who are investors themselves and who have a feel for long-term investment returns, prefer to make gifts that support the long-term financial health of the nonprofit. These individuals make good donors to the endowment.

Often donors will establish a pattern of giving through all their philanthropic activities. The nonprofit can discern this pattern as part of getting to know donors and their preferences. This is why individualized prospect research is a crucial component of a major gifts program. Prospect research sources, strategies, and skills are discussed further later.

Building a prospect-centered major gifts program means that your organization needs to create a diverse array of options to meet your donors' motivations and needs. Whether these options include public recognition or meaningful volunteer experiences, major gift donors will respond best to a program uniquely tailored to their interests and circumstances. Your knowledge of each of your major gift prospects, including their personal experiences, financial plans, values, and long-term goals, will help to motivate the best possible gift from each individual donor.

Are You Ready for a Major Gifts Program?

It may seem axiomatic that if your organization needs more money, you are ready to raise large gifts. Many institutions find, however, that substantial thought and action is required before they can move ahead with a major gifts program. What will your organization use the money for? Who will do the asking? What will be the role of your board and executive director? How will your organization provide for the

budget and staffing of this new initiative? These issues need to be addressed early in the process in order to make your program successful from the start.

Organizational Readiness

A nonprofit can take several steps to get ready for a major gifts initiative. Often an executive director will assume—erroneously—that all the activity needs to take place in the advancement office. Yet there are other aspects of the organization that need to be enhanced before fundraising for major gifts can be successful (see Exhibit 1.4).

Assessing the organization's needs and prioritizing those needs is a basic first step. Building leadership and board involvement is also a key component of major gifts work. Questions about staffing and budget may need to be addressed. Beyond these internal issues, however, the organization needs to show potential donors that it is fiscally responsible, successful in adhering to its mission, and provides the services it says it will provide. No one wants to give hundreds of thousands of dollars to a nonprofit that is in the middle of a major scandal or that hasn't balanced its operating budget for years. "Taking care of business" is a priority for all organizations that wish to attract broad and deep financial support.

EXHIBIT 1.4

Questions to Ask: Is Your Organization Ready for a Major Gift Program?

- 1.** What will your organization accomplish with additional funding?
- 2.** Are your board members ready to give and get major gifts?
- 3.** Do you have the appropriate gift policies and procedures in place?
- 4.** Do you need to hire and train additional staff?
- 5.** Do you have a long-term commitment from your board and executive leadership to see the program to a successful conclusion?
- 6.** Are you committed to running an ethical program?
- 7.** Do you have recognition plans for gifts of different sizes and types?
- 8.** Are your potential solicitors identified, ready, and trained?

Assessing Your Organization's Needs

All organizations have competing needs. Nonprofit leaders and boards often struggle to set priorities for where the money should go when funds are limited: Should more staff be hired? New programs rolled out? Facilities and program delivery improved? What about building the endowment for future needs? Assessing your organization's most pressing needs before beginning a major gift program sometimes can be a contentious and divisive process, but it is a necessary one.

Your organization should have a plan for how it will use more money before you begin asking for it. Don't put the cart before the horse; ideally, your leaders should first set the institutional mission and goals, then create the plan for implementation of those goals, and only at that point solicit gifts to move the implementation process along. Organizations without adequate planning are at risk of being "hijacked," or moved in new directions, sometimes against their will, by a donor who will use money and ideas to determine the direction the institution takes.

Strategic planning—the process of planning where your organization is going and what future paths to select in order to meet your goals—is a useful precursor to major gift fundraising. The planning process can be long and complex or short and focused. A major strategic planning initiative, with input across the organization from many various stakeholders, can be a daunting and time-consuming process. Some planners now feel that the rate of change in economic, cultural, and social terms is accelerating, making a long-term planning horizon for nonprofit services less useful.

As an alternative to a broad planning effort, consider focusing in on a few specific areas of need with time frames that are easily grasped, such as five years or less. Fundraising programs that result from such a focused approach are more likely to appeal to donors than longer-term strategic plans, since they are probably better grounded in reality than vague glimmers of issues that might arise 20 years hence.

It helps to attract new money if the organization appears to be doing well with the money it already brings in. Take a long hard look at the financial health and fiscal management of your organization before beginning your major gift effort. Donors of large gifts are usually pretty savvy about smelling out financial shenanigans or slack accounting practices, and they are perfectly comfortable asking hard questions about budgets, salaries, contracts, and leases.



TIPS & TECHNIQUES

Options for Focused Strategic Planning Efforts

- Create a master facility plan for the next five years; get costs for renovations and new additions. Phase in new projects so that you will have maximum flexibility. Build your fundraising goals around the master plan.
- Determine how much endowment income is needed to ensure the ongoing delivery of current services over the next five years. Develop an endowment goal based on raising the principal needed to ensure this income level.
- Plan to add a new program that can be implemented over the next three years. Establish all costs, including operating budgets, staff, and overhead, with increasing goals over the three-year period. Tie new funding to the desirability of achieving the new program.
- Refocus your mission and goals on a broader regional spectrum rather than serving just a small local audience. Establish a five-year plan for rolling out new and expanded services. Develop a cost estimate that ties additional services and outreach to additional funds.
- Do a national survey of selected peer institutions, requesting information on program development, endowment, budget, and staffing. Use this information to inform your planning efforts.

If, for instance, your organization doesn't manage its accounts aggressively, earning interest on money that isn't being used, donors might well question whether you have earned the right to manage their funds. Investment practices for endowed funds are also a favorite area of intense attention for prospective donors. Your chief financial officer may resent the intrusion, but donors who give big money expect to be kept informed about how "their" money is used. The bottom line is to expect donors to apply the same careful business acumen to a nonprofit's business practices that they have applied to earn (and keep) their own fortunes.

Leadership: A Key Ingredient

Building appropriate leadership and buy-in from the board are important factors in major gifts fundraising. Many experienced professionals view board and volunteer leadership as the key factor for success. First, make sure that your board has approved the budget and policy changes necessary to build a strong major gifts program. If this includes either long- or short-term strategic planning, give the board the time and the necessary data to discuss the implications of the new programs and plans thoroughly. A board member who is sold on the mission of the organization, its executive leadership, and its future plans makes a good donor and a strong addition to the major gifts team.

It is incumbent on those board members who have the financial wherewithal to see the value of making their own major gifts before others in the community are approached. When presented with a proposal for a large contribution, many



IN THE REAL WORLD

Leadership in Major Gifts Fundraising

A university decided to run a five-year national campaign to raise major gifts to fund new initiatives and build its endowment. On a consecutive basis, they asked each of three board members who had the potential to make large gifts to serve as their chair. One after another, the donors declined; one had an ailing family member, another was focused on a different charity, and the last didn't feel comfortable in a position that was so visible.

The school began the campaign anyway, using staff, some volunteers, and the president to raise most of the gifts. Although there was limited initial success, the effort soon floundered as it became clear that many of the expected early large gifts were missing. What to do? Clearly the leadership needed to set the pace, for major gifts were missing.

The advancement staff and the president brainstormed and came up with a solution. They returned to the initial three board members and asked them all to serve together as co-chairs for the drive. With support from the staff, the three agreed to lead the effort, which soon began to build momentum with several new large gifts. After all of the co-chairs committed to a new large gift of their own, the campaign moved quickly toward success.

experienced donors will ask what the board has done to support the effort. Some boards may need to be augmented with new members who can ask for and make large gifts before a major gifts effort is launched. Most boards will need additional training and support from either the advancement staff or an outside consultant to prepare them to take part in a major gifts effort. An organization with a board that sits back and waits for the executive director and the staff to “make it happen” is not going to succeed.

Who Will Ask for Major Gifts for Your Organization?

If the answer is only members of the development staff, your program is already headed for trouble. There is no question that advancement professionals should lead the team effort to raise big gifts. They should direct the research and planning, help to identify prospects, direct the fundraising activity, track the results, work directly with the donors, and provide all the necessary support for volunteers and executive staff who interact with donors. The advancement director and the major gift staff members should be trained and prepared to ask for large gifts. However, often others connected to the organization may be better positioned to ask for and close a big gift.

The person who is most likely to get the gift should be the one who makes the solicitation, whether it is the chair of the board or the program coordinator who has worked with the donor for years. In cases where the right solicitor isn't an obvious choice, a team approach is often the most productive answer.

In many organizations, the person most likely to get the gift is the president or executive director. She is often the best spokesperson for the mission and vision with major donor prospects and may be the most articulate in describing the opportunities for meeting the organization's goals. Her ability, experience, and passion for the cause often help her to convey the needs of the organization in a manner that is truly compelling to the prospective donor.

If the executive director is unable or unwilling to fill this role, training should be provided. Fear or reluctance to do fundraising is a poor excuse; the board should make it a priority to attract executive leaders who can build the organization by raising funds. Many workshops and seminars are now offered at a high level by the Association of Fundraising Professionals (AFP), the Council for Advancement and

Support of Education (CASE), the American Association of Museums (AAM), and other fundraising groups to help train chief executives to become great fundraisers.

Board members and other volunteers can also be provided with training and options for developing additional expertise before a big funding initiative is started. One of the most effective ways to train good fundraising volunteers is to pair them with an experienced major gifts solicitor (either a staff member or an experienced volunteer) and have them make some calls together. The advancement director can take this approach with a reluctant executive director, an inexperienced board member, or a program director who will have substantial donor contact.

The goal is to have an array of solicitors—board members, volunteers, executive directors, advancement staff members, major gift officers—who are ready and willing to work with prospective donors and who are knowledgeable enough to represent the organization in a positive, professional, and productive manner.

Summary

Building a major gifts program from the ground up requires attention to giving policies, strategic planning, and organizational leadership. Take the time to educate and inform your executive director and board about the long-term investments that will be required to make the program work. Begin creating support for future major gifts from your board members and closest supporters with a strategic planning exercise that will help your organization determine what it intends to accomplish with the additional funds raised.

Tailor the program to your leadership by identifying board members who can give or ask for gifts at a high level. Plan to add new board members or provide additional training to current members in order to develop a cadre of volunteers who can help lead the major gifts effort. The executive director should be primed and ready to make building donor relationships an important part of the job. Although the advancement staff will be an integral part of the new effort, they can't succeed without knowledgeable, capable board members, along with the executive leadership, volunteers, and donors to help move the program forward.

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