



## CHAPTER TWO

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# ESSENTIAL FUNDRAISING TOOLS: FOCUSING YOUR WORK

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In the Introduction and in Chapter One, we introduced a time-tested approach to fundraising. Much of your fundraising success will depend upon your ability to educate others in your organization about these principles. The tools and techniques described in this chapter will provide you with ways to demonstrate and communicate these basics of effective fundraising. They will also help illustrate the difference between fundraising and development. In order to thrive in fundraising, you and your organization need to understand the difference and not rely on quick-fix strategies that become long-term nightmares.

Additionally, you can use these tools to position yourself as the chief development officer and avoid the “we-are-unique” trap or worse, the “we-are-really-unique” trap.

This chapter will answer the following questions:

- What is a Range of Gifts Table?
- How do I build a Range of Gifts Table for a capital campaign?
- Do these same guidelines apply for annual campaigns?
- What role does a Range of Gifts Table play in planning special events?
- If the Range of Gifts Table shows that we need four gifts at \$50,000, how many prospects should we have for those gifts?
- If our Range of Gifts Table shows what we consider to be an unobtainable top gift, should we add more gifts at the bottom of the table?

- Should volunteers and donors be shown our Range of Gifts Table? Or is it a tool for staff only?
- What is a Gift Grid?
- What is the Hierarchy of Fundraising?
- What is the value of prospect research?
- What is the Connectivity Matrix?
- How is the Connectivity Matrix used?
- What other fundraising tools are essential?

Let's address each of these questions in turn.

### What is a Range of Gifts Table?

A *Range of Gifts Table* (sometimes referred to as a *Range of Gifts Chart* or *Table of Investments*) is a written plan of action that shows the number of gifts your effort will need at various gift levels, ensures agreement on the fundraising process, and measures your progress as the fundraising unfolds. Though they are traditionally used in capital campaigns, every fundraising plan—whether an annual fund, special event, or capital campaign—should include a Range of Gifts Table.

The Range of Gifts Table shows the number of gifts your effort will need at various gift amounts. Traditionally, Range of Gifts Tables have been used in capital campaigns. However, they are very useful tools for other fundraising efforts including annual campaigns and even special events.

The general guidelines vary for building tables based upon what kind of fundraising effort is planned. We developed our guidelines based upon the review of many successful campaigns.

### How do I build a Range of Gifts Table for a capital campaign?

The most successful campaigns start with a top gift that makes up about 20 percent of the goal. The next ten to thirty gifts make up 40 to 70 percent of the goal, and general gifts comprise 10 percent or less of the goal. These guidelines for building a table for a capital campaign apply whether the goal is very small or very large. See Tables 2.1 and 2.2 for examples.

### Do the same guidelines apply for annual campaigns?

Different rules apply when making a table for an annual campaign, in which broadening the base of support is as important as raising dollars. Often with annual campaigns, there is not one lead gift but a number of lead donors who belong to your

**TABLE 2.1. \$2.5 MILLION RANGE OF GIFTS TABLE FOR A CAPITAL CAMPAIGN.**

Number of Gifts	Size of Gift	Total at Level	Cumulative Total	Percent of Goal
1	\$500,000	\$500,000	\$500,000	20
2	\$250,000	\$500,000	\$1,000,000	40
4	\$100,000	\$400,000	\$1,400,000	56
6	\$50,000	\$300,000	\$1,700,000	68
8	\$25,000	\$200,000	\$1,900,000	76
20	\$10,000	\$200,000	\$2,100,000	84
35	\$5,000	\$175,000	\$2,275,000	91
many under	\$5,000	\$225,000	\$2,500,000	100

**TABLE 2.2. \$110 MILLION RANGE OF GIFTS TABLE FOR A CAPITAL CAMPAIGN.**

Number of Gifts	Size of Gift	Total at Level	Cumulative Total	Percent of Goal
1	\$25,000,000	\$25,000,000	\$25,000,000	22
2	\$10,000,000	\$20,000,000	\$45,000,000	40
5	\$5,000,000	\$25,000,000	\$70,000,000	63
15	\$1,000,000	\$15,000,000	\$85,000,000	77
25	\$500,000	\$12,500,000	\$97,500,000	88
30	\$250,000	\$7,500,000	\$105,000,000	95
40	\$100,000	\$4,000,000	\$109,000,000	99
many under	\$100,000	\$1,000,000	\$110,000,000	100

highest gift club level. The five largest gifts will probably make up about 20 percent of the goal. The next ten largest gifts will make up approximately 10 to 15 percent, with the next thirty gifts also contributing about 20 percent of the goal. The next fifty gifts add about 10 percent, and the next hundred after that add 10 percent, with all remaining gifts making up about 20 percent of the goal. Table 2.3 displays this pattern.

### What role does a Range of Gifts Table play in planning special events?

Creating a Range of Gifts Table for a special event can help you educate your organization's leaders and volunteers about the need to secure significant sponsorship dollars prior to relying on the public to buy tickets.

As we show in Table 2.4, even with a title or underwriting sponsor that gives 30 percent or more toward your fundraising goal, \$50,000 will have to be raised

**TABLE 2.3. ANNUAL CAMPAIGN RANGE OF GIFTS TABLE.**

\$2 Million Goal				
Number of Gifts	Size of Gift	Total at Level	Cumulative Total	Percent of Goal
2	\$100,000	\$200,000	\$200,000	10
3	\$50,000	\$150,000	\$350,000	18
10	\$25,000	\$250,000	\$600,000	30
30	\$15,000	\$450,000	\$1,050,000	53
50	\$5,000	\$250,000	\$1,300,000	65
300	\$1,000	\$300,000	\$1,600,000	80
many under	\$1,000	\$400,000	\$2,000,000	100

**TABLE 2.4. SPECIAL EVENT RANGE OF GIFTS TABLE.**

\$250,000 Goal				
Number of Gifts	Size of Gift	Total at Level	Cumulative Total	Percent of Goal
1	\$75,000	\$75,000	\$75,000	30
2 to 4	\$12,500–\$25,000	\$75,000	\$150,000	60
8 to 10	\$6,000–\$8,000	\$50,000	\$200,000	80
many under	\$6,000	\$50,000	\$250,000	100

from general ticket sales. Other sponsorship levels can be table sponsors for galas or hole sponsors for golf tournaments.

**If the Range of Gifts Table shows that we need four gifts at \$50,000, how many prospects should we have for those gifts?**

If you will be involving volunteers and staff leadership in conducting face-to-face solicitations, you need to identify roughly two to three prospects for each needed gift. If you will be using telephone solicitations or other less personal methods, you will need many more. If you are conducting a capital campaign, you can also plan that you will need approximately one volunteer for every five prospects to be personally solicited.

**If our Range of Gifts Table shows what we consider to be an unobtainable top gift, should we add more gifts at the bottom of the table?**

Sometimes the building of your Range of Gifts Table can be an eye-opening experience, especially if you are undertaking a new and large fundraising effort. If the

top gift seems unobtainable, we find it is helpful to create a table that relies on an increase in the number of smaller gifts, as this typically will show you that without a large top gift the goal needs to be reconsidered.

Once you have created a table with many smaller gifts making up for the lack of a large gift, review how many prospects you will need for each gift and how many volunteers you will need for each prospect. In other words, raising many smaller gifts will take many more volunteers or significantly more resources (if you plan to conduct solicitations by phone or mail).

This type of exercise usually helps an organization's leadership understand that if the top gift seems unobtainable, they might need to reconsider the goal.

### **Should volunteers and donors be shown our Range of Gifts Table, or is it a tool for staff only?**

Once you have analyzed and developed the table, use it as an educational tool with your volunteers, staff, and upper management to help educate them about the gift sizes that will be needed to succeed.

Most people who are not involved in fundraising as their profession tend either to be optimists or pessimists when it comes to raising money. The pessimists think there is never a good time to raise money. They say things such as, "Donors are tired of giving," "We cannot keep going back to the same people," or "The economy is bad or will be soon." The optimists think there is plenty of money "out there," and corporations and others could give money and not even miss it. A well-thought-out and sound Range of Gifts Table can help bring a sense of reality to these two extremes.

### **What is a Gift Grid?**

A *Gift Grid* is a tool that illustrates the interrelationships between the prospects and the solicitation techniques that might be most effective. It helps drive home the point that the larger the gift the more personal the solicitation strategy must be. It also shows how best to use certain fundraising techniques.

Each organization should develop its own definition of what a small, major, and mega gift is so that the grid can be customized to its constituency. Again, this is a good tool to use with your board development committee and others to help explain fundraising concepts that work and to develop strategies for your fundraising program. Tables 2.5 and 2.6 display different aspects of the Gift Grid.

**TABLE 2.5. GIFT GRID PART A: DEFINITIONS.**

	Source	Unrestricted / Annual	Restricted
Small Gift	current income	\$25–\$999	\$1,000–\$5,000
Major Gift	income/ accumulated assets	\$1,000–\$25,000	\$25,000–\$1,000,000
Mega Gift	assets/estates	\$50,000+	\$1,000,000+

### What is the Hierarchy of Fundraising?

The Hierarchy of Fundraising (HFR), shown in Figure 2.1, shows how a total fundraising program can be built over time. Annual support over a period of time is most often the basis for the growth of a fundraising program. Annual giving provides a base of donors, which will grow.

Your best prospects to give you money in the future are ones who have given you money in the past. This is a well-documented principle of fundraising. The ultimate goal for many organizations is to conduct a large, institution-changing capital or endowment campaign. The HFR shows that it is best to have received several major gifts and to have a strong annual fund before undertaking a large-scale capital campaign.

A corollary to this concept is that major gifts programs can be launched as a follow-up to a successful capital campaign. Many well-run capital campaigns will have more prospects at the end of the campaign than they had at the beginning.

The HFR also helps to illustrate that mature development programs are the ones that usually receive deferred gifts.

### What is the value of prospect research?

There are many prospect research tools you can use to help make your fundraising effort more effective. *Prospect research* is based upon the famous bank robber Willie Sutton's method of fundraising. When asked why he robbed banks, Sutton replied, "That's where the money is." Thus it is with prospect research.

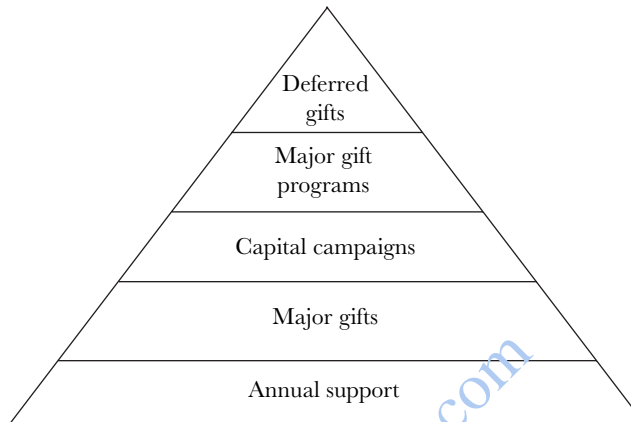
Your staff's time and resources are best spent with prospects who have both high donor potential and passionate interest in your organization. We have a whole chapter on prospect research later in this book, but for now you, like Willie Sutton, want to know where the money is.

Good research about a prospect can result in better and more effective solicitations. The more you know about a person's philanthropic ability, the greater your chances of securing a gift.

**TABLE 2.6. GIFT GRID: PART B.**

	<b>Identification</b>	<b>Solicitation Involvement</b>	<b>Solicitation Method</b>	<b>Solicitation Relationship</b>	<b>Frequency</b>	<b>Motivator(s)</b>
Small Gift	in-house file purchase list	minimal	mail phone event	impersonal	yearly or more	institution
Major Gift	past donors suspects	established	face-to-face relationships	peer (president, executive director, development officer, board member, volunteer)	every 3–5 yrs	institution/donor
Mega Gift	past donors life event inheritance sale stock	personal relationships strong feeling specific interest	personal evolves over time stewardship issue up front	one who donor trusts, admires, believes in	once	donor desire for change "payback" recognition passion for mission

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**FIGURE 2.1. HIERARCHY OF FUNDRAISING.****What is the Connectivity Matrix?**

Another tool that further amplifies the principles of fundraising is the *Connectivity Matrix*, which is shown in Table 2.7.

The horizontal axis shows the degree of personal connection the prospect has with the nonprofit. The vertical axis shows the donor's ability to give.

The Bill Gates/Warren Buffet example in the upper-left quadrant represents a high ability to give but a low expectation of donation. Your best prospects for gifts are those who are involved in your mission, not wealthy people who could give money away and not even miss it.

**TABLE 2.7. CONNECTIVITY MATRIX.**

Low Wealth—High Wealth	high wealth, no connection: no gifts (Bill Gates, Warren Buffett won't give if they're not connected.)	high wealth, high connection: many gifts (Here is where you want most donors.)
	low wealth, no connection: no gifts (If all your prospects are here, you still have work to do.)	low wealth, high connection: some gifts (These donors can make a difference if you are their number-one priority; consider planned gifts.)

Identified – Informed – Involved – Engaged – Passionate

### How can we use the Connectivity Matrix?

As you are reviewing prospects with your fundraising committees, the Connectivity Matrix can be an effective tool to help evaluate your best prospects based upon both their ability to give and their likelihood of giving. It can also help you develop strategies to move your prospects farther to the right-hand portion of the matrix. Your largest donors will be those who have passion for your cause along with strong philanthropic capability (in the upper-right quadrant of the matrix).

### What other fundraising tools are essential?

Every fundraising effort should use a fundraising software program to track prospects, donors, and results. These commercially available software programs have already considered the various tasks that need to be accomplished and the reports that are helpful during a fundraising effort. They will make it easier for you to measure the results of your fundraising efforts; produce appropriate acknowledgment letters and receipts to donors; track the history of relationships that your organization has; develop lists of prospects, volunteers, or donors; and identify prospective donors for your next fundraising efforts.

Because there is a wide variety of fundraising software programs commercially available that meet the budget needs of most nonprofit organizations, we see no reason for you to try and develop your own system. (See Chapter Thirteen for more information on software and technology.)

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## Summary

With a Range of Gifts Table, the Gift Grid, the Hierarchy of Fundraising, the Connectivity Matrix, and a good database system for managing your fundraising records, you will have the tools you need to educate and motivate your organization to follow the principles of successful fundraising effectively.