CHAPTER 1

Introduction to Donor-Centered Marketing

Get wild with planned giving: Think of it as fundraising!

—*Philip J. Murphy, Zimmerman Lehman*

After reading this chapter, you will be able to:

- Understand that all nonprofit organizations can secure planned gifts.
- Define "donor-centered marketing."
- Describe the potential for planned gift growth for the nonprofit sector.
- Debunk five common myths about gift planning.
- Explain the fundamental marketing steps of a successful gift planning program.

Donors and prospective donors are not geese. However, one can learn something about how to treat these individuals from Aesop's well-known fable "The Goose That Laid the Golden Eggs." In this tale, a man owns a perfectly ordinary looking goose that happens to lay eggs of gold. However, the man becomes impatient with the goose. He wants all of the gold the goose has to offer immediately. So, imagining that the goose must be made of gold inside, the man kills the bird to get the entire store of gold all at once. Unfortunately, the man discovers too late that his goose is really just like any other.

In Aesop's fable, the man succumbs to greed. He focuses on his own needs and desires. In the process, his inward focus results in the death of the goose and the loss of a vast treasure of gold. If the man had simply taken care of the goose, seeing to its needs, and if he had remained patient, waiting for the goose to lay her eggs on her schedule, he would have become fabulously well off.

Take Care of Donors: A Lesson from Aesop

Development professionals can learn from this tale. While a nonprofit organization's mission is of critical importance, one must not let it overwhelm consideration of donors. Development professionals must take care of the needs of donors and prospects while respecting their individual lifecycles and personal decision-making schedules.

''We have all heard of the Golden Rule—and many people aspire to live by it,'' writes President of Assessment Business Center, Tony Allesandra. He continues:

> The Golden Rule is not a panacea. Think about it: "Do unto others as you would have them do unto you." The Golden Rule implies the basic assumption that other people would like to be treated the way that you would like to be treated. That is patently false. In fact, it could be argued that the Golden Rule is a self-centered rule—and not unlike a traditional salesman who assumes his product is right for his prospect and approaches the sale without considering the prospect's needs. In sales—and relationships—one size (yours) does not fit all. With the Golden Rule, you run a greater risk of creating conflict than chemistry. After all, people have different needs, wants, and ways of doing things. The alternative to the Golden Rule is much more productive. I call it the Platinum Rule: ''Treat others the way *they* want to be treated.'' Ah-hah! Quite a difference. The Platinum Rule accommodates the feelings of others. The focus of relationships shifts from "this is what I want, so I'll give everyone the same thing" to ''let me first understand what they want and then I'll give it to them.'' Building rapport with people based on the Platinum Rule requires some thought and effort, but it is the most insightful, rewarding, and productive way to interact with people.[1]

By shifting the focus from the organization to donors and prospects, development professionals will achieve greater success and organizations will receive far greater benefit. By helping donors and prospects discover their philanthropic passion and by showing them how gift planning can help them realize their philanthropic aspirations while taking care of their loved ones, development professionals can perform a great service for these individuals while serving and benefiting the nonprofit organizations that employ them.

This process is the core of *donor-centered* planned gift marketing. Penelope Burk, in her book *Donor-Centered Fundraising*, describes what she means by the term,

> Donor-centered fundraising is an approach to raising money and interacting with donors that acknowledges what donors really need and puts those needs first. Donor-centered fundraising impacts fundraising success in three ways. First, it retains more donors longer, giving them time to develop their own philanthropic resiliency; second, it causes more donors to offer increasingly generous gifts; and third, it raises the performance of even the most active and loyal donors to a new standard. Donor-centered fundraising aims its sights at our two worst enemies in fundraising: attrition and stagnation.[2]

By contrast, traditional, organization-focused fundraising has often concentrated on:

- Tools including philanthropic instruments like wills, trusts, life insurance, and so on.
- Techniques including direct mail, face-to-face visits, telephone appeals, and so on.
- The needs of the charitable organization.
- The community.
- The cause.

While tools, techniques, organization need, community benefit, and the cause itself are all important, the fact is that it is donors and prospective donors that are most important in the philanthropic process. So, while this book will

Key Concept

Always treat donors and prospective donors how *they* want to be treated. Keeping the focus on them will lead to greater benefit for the organization.

certainly address these other items, it will do so while recognizing the fundamental importance of maintaining a donor-centered perspective.

Planned Gift Marketing for All Organizations

Virtually all nonprofit organizations can ask for, receive, and benefit from planned gifts. Many already are. For the most part, those organizations that currently do not ask for planned gifts probably should, yet may not be doing so out of a misplaced sense of fear rather than any legitimate reason. For example, one misguided fear is that a bequest donor will give less to the annual fund. However, the Center on Philanthropy at Indiana University has found that bequest donors actually give more than twice as much annually as people who have not named a charity in their will.[3] Among those nonprofits that are already seeking planned gifts, most can be doing a much more effective job of it. Regardless of one's experience or the size of one's organization, this book will help development professionals either create or enhance philanthropic planning programs while helping others better understand the marketing challenges faced by nonprofit organizations. While this book will not explore the technical side of philanthropic planning, it will provide detailed information about the marketing of planned gifts.

If one works for a small to mid-sized nonprofit organization, it is easy to think that the organization is too small to worry about marketing planned gifts with the expense of doing so incurred now while the return is garnered at some point in the future. If one works for a mid-sized to large nonprofit organization, it is easy to think that the organization has already mastered the art of planned gift marketing. However, both perspectives are incorrect.

While small to mid-sized organizations might not be prepared to speak with donors about a wide array of planned giving instruments, such organizations can certainly accept gifts of stock. In addition, they can also easily encourage donors to demonstrate their support through a charitable bequest. "Charities with mature planned giving programs estimate that deferred gifts, consisting primarily of bequests, make up 70 percent to 80 percent of all planned gifts,"[4] writes Kathryn W. Miree, President of Kathryn W. Miree & Associates. So, if an organization does nothing else in the area of planned gift marketing other than promote bequest giving, it will have accomplished a great deal. Even large organizations can benefit from doing more to educate individuals about the value of bequest giving.

More complex gift opportunities can be established easily by working with a community foundation that offers a charitable gift annuity (CGA) program. Even for the smallest organizations, a CGA program may provide virtually no risk and limited expense. (A glossary of gift planning terms can be found at the end of the book.) Many community foundations around the country allow nonprofit organizations to market CGAs. A donor makes the gift to the community foundation and receives regular income from the community foundation. Upon the donor's death, a fund is established and the income from the community foundation is given to the nonprofit organization.

While mid-sized to large organizations might already have sophisticated marketing efforts in place, learning about the donor-centered approach described in this book may help achieve even greater outcomes. One can discover a new idea or a new perspective in an old idea in this book. Or, current strategies and tactics might be validated by the text, which could prove enormously useful when budgeting and when trying to bring along others within the organization.

Percentage of Americans with a Planned Gift

It is difficult to estimate the percentage of Americans who have made a planned gift or planned gift commitment. For starters, there is some debate about what is and is not a planned gift. For example, some organizations consider a gift of appreciated stock to be a planned gift. After all, a gift of stock often avoids capital gains tax, may involve a financial advisor, and always involves an element of planning. Fortunately, a number of research projects over the past several years have helped the nonprofit community come closer to understanding how many individuals have made planned gift commitments and what the potential is for growth.

While most Americans have the ability to make a planned gift, the research reveals that relatively few have actually done so and that vastly more are willing to consider such gifts. This means two things. First, there is a significant gap in what traditional planned-gift marketing is achieving and what people are willing to consider. Second, traditional planned-gift marketing is just scratching the surface of planned giving potential.

By better understanding what the sector has achieved, development professionals will be poised to understand the overall potential for planned giving. Individual organizations will be able to do some very basic benchmarking while setting appropriate goals that take into account both what the sector is doing and what the potential for growth is.

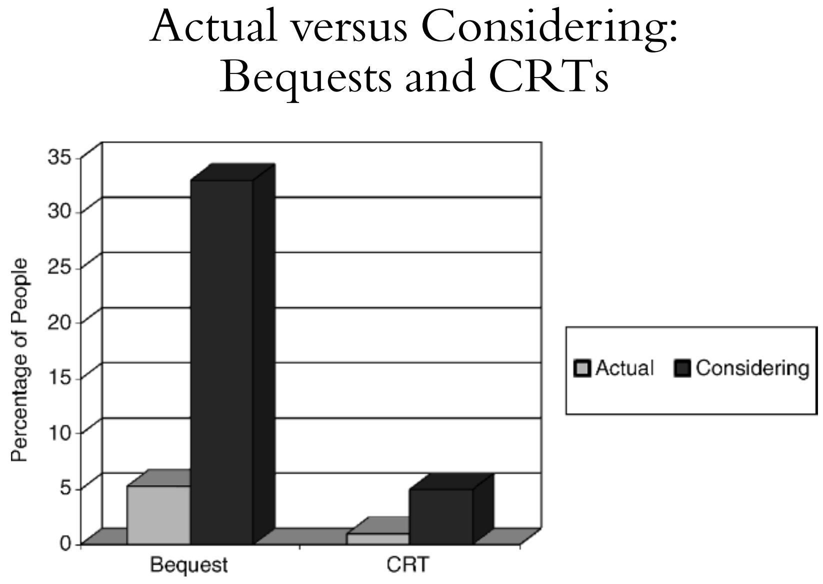
Dr. Russell N. James, III, then of the University of Georgia Institute for Nonprofit Organizations, looked at the rate of planned giving among older Americans. Specifically, James studied charitable bequest giving since that is, by far, the most popular type of planned gift instrument. James found that among Americans over the age of 50, only 5.3 percent had made a charitable bequest upon death.[5] This figure comes from data collected by the University of Michigan "Health and Retirement Study," a longitudinal study from 1995–2006 sponsored by the National Institute on Aging that tracked the deaths of over 6,000 study participants. The 5.3 percent figure is one-third lower than the rate of bequest commitment cited in "Planned Giving in the United States 2000: A Survey of Donors" (NCPG). The 2000 survey reported that 8 percent of Americans surveyed had made a charitable bequest commitment. However, the figure—identified in the "Health and Retirement Study" and cited within *Giving USA 2009*—is within the margin of error cited in the NCPG survey report. For these reasons, this book will use the 5.3 percent figure when describing the percentage of Americans making a charitable bequest while recognizing that the figure might be somewhat lower if Americans under the age of 50 were included.

Looking at a less popular form of planned giving, the NCPG Survey found that 1 percent of those responding said that they have established a charitable remainder trust (CRT).[6]

Compellingly, the Center on Philanthropy at Indiana University found that 33 percent of respondents would be willing to consider a charitable bequest.[7] The NCPG Survey found that 5 percent were considering a CRT. Figure 1.1 illustrates the difference between the percentage of donors with a bequest or trust commitment and the percentage of people willing to consider making such gifts.

The Stelter Company conducted a survey that found that once individuals know at least a little bit about various gift planning instruments or techniques,

FIGURE 1.1



Adapted in part from data by *Planned Giving in the United States 2000: A Survey of Donors* half of the individuals would be willing to consider making at least some type of planned gift or had already done so.[8] During the 11-minute survey call, the interviewer quickly described six different gift planning options without going into great detail about any single option. While information clearly has an impact on what individuals are willing to consider, relatively little information is required in order to inspire a fairly significant increase in interest. However, Stelter also discovered that as the age of respondents increased, the receptivity to planned giving decreased. Among those age 70 and over, only 33 percent would be willing to consider a planned gift.[9] So, nonprofit organizations need to do a more effective job educating prospects, and they need to do so while prospects are younger.

Among older Americans, CGAs can help donors make significant gifts while offering a measure of financial security by providing them with a regular income. However, based on extrapolation from the last survey of the American Council on Gift Annuities, there might only be as many as 400,000 gift annuities in force, according to Frank Minton, Senior Advisor at PG Calc and former ACGA board chair. That number, however, does not represent the number of donors who have elected this form of planned gift vehicle; many donors have established more than one annuity. Enormous potential for increasing the number of CGA donors exists as those figures represent only a small percentage of the senior population. The market of older Americans continues to grow, thereby increasing the potential for more CGAs. In 2004, there were 36.3 million Americans age 65 or older. By 2050, that number will increase by 147 percent to 86.7 million, 21 percent of the U.S. population.[10]

For 2008, the Center on Philanthropy estimated that Americans contributed $22.66 billion through charitable bequests.[11] Even if the sector would have convinced 6.3 percent of Americans rather than 5.3 percent to make a charitable bequest, an additional $4.53 billion might have been raised. With relatively incremental changes in marketing effectiveness, nonprofit organizations can realize significant increases in revenue. In 2008, bequest revenue accounted for 7 percent of all contributed dollars.[12]

If incremental changes in marketing had increased the percentage of Americans making a bequest commitment from 5.3 percent to 6.3 percent, bequest giving might have accounted for 9 percent of all giving. Now, imagine if the nonprofit sector significantly enhanced its marketing effectiveness. Imagine if the percentage of Americans engaging in bequest giving increased by one-third. This is not an idle fantasy. In the United Kingdom, the Remember a Charity consortium states that 7 percent of the public there has named a charity in their will.[13] Even with that rate of success, the British are not content and are engaged in a national campaign that seeks to boost the bequest giving rate still further.

With a donor-centered marketing approach, nonprofit organizations can encourage more individuals to consider a planned gift and more effectively close gifts from those considering action. This could, for example, shrink the gap between the 5.3 percent who make a charitable bequest and the 33 percent considering it or the 1 percent with a CRT and the 5 percent willing to consider it as more individuals pondering planned gifts actually make them.

Five Common Myths about Planned Giving

While there is enormous potential for the nonprofit sector to significantly grow the amount of revenue developed from planned gifts, the sector continues to limit itself. A number of myths surround the professional practice of philanthropic planning. These myths can lead organizations to take no action or to take the wrong action where planned giving is concerned. The following five common myths are rebutted.

Myth 1: Planned giving is very difficult. The best kept secret about planned giving is that it is just not that difficult. Admittedly, for a wide variety of reasons, there are plenty of people who like to *think* that planned giving is daunting. From time to time, planned giving can even pose a real challenge that can lead people to believe it is always very complicated. However, for the most part, planned giving is simple. If one knows how to generate current gifts, she is well on her way to being able to secure planned gifts. After all, planned giving is just like every other type of fundraising: one has to identify prospects, cultivate them, and ask for the gift. Most large nonprofit organizations may employ an entire, well-staffed gift planning department to handle all types of planned gifts, while most smaller organizations simply add planned giving to the director of development or major gift officer portfolio of responsibilities. Too many small, and even mid-sized organizations, simply ignore planned giving altogether. However, with the vast majority of planned gifts falling into one of three simple categories—bequests, CGAs, and gifts of stock—there is no reason why all organizations cannot be engaged in some form of planned giving program. While some organizations may never move beyond simply promoting bequest giving and other organizations may grow their program over time to include more sophisticated giving options, virtually all organizations can do something to encourage some type of planned giving.

Myth 2: One needs to be a planned giving expert to be involved in gift planning. One does not need to be an expert. However, one does need to be knowledgeable. Fortunately, of all planned gifts, the vast majority are simple bequests. Charitable gift annuities and stock gifts are also popular forms of planned giving. The more complex forms of planned giving (i.e., charitable lead trusts, charitable remainder annuity trusts, real estate gifts, etc.) make up only a small fraction of all planned gifts. For the more complex transactions, one simply needs to be aware of them and know who to call for assistance when the need arises. The Partnership for Philanthropic Planning (formerly the National Committee on Planned Giving) has found that since 2000, there are fewer planned giving specialists employed by nonprofit organizations and more development professionals now doing gift planning along with their other responsibilities.[14] Increasingly, organizations are taking a more holistic approach to fundraising and development professionals are expected to know just enough to know when to suggest an appropriate planned gift instead of a current gift option. For technical advice, donors are more often seeking input from professional advisors other than development professionals. The Partnership has found that even with the simple bequest, 4 percent of such donors reported hearing of this option from a legal or financial advisor in 1992 compared with 28 percent in 2000. Among CRT donors, 70 percent learned of this giving option from a legal or financial advisor. So, a development professional does not need to be the technical expert for the donor. However, development professionals must be knowledgeable enough to earn a seat at the table with the donor and his trusted advisors in order to assist the donor in fulfilling his philanthropic aspirations while taking care of other needs.

Myth 3: All planned gifts are deferred gifts. Many organizations are reluctant to commit the necessary resources to planned giving because they incorrectly believe that all planned gifts are deferred gifts that will take decades to be realized. While it is certainly true that bequest expectancies represent deferred gifts, they are not necessarily deferred for decades. Depending on the size and age of the pool of bequest expectancies, some gifts will be realized within three to five years of commitment based on basic actuarial forecasts, and sometimes sooner. Other types of planned gifts such as CGAs represent an immediately bookable asset for nonprofit organizations. Gifts of stock also represent an immediately bookable contribution. So, organizations that commit resources to planned gift marketing, can see a return on investment in a very reasonable time frame.

Myth 4: Good marketing focuses on organizational needs. While it is essential for an organization to have a compelling case for support, a great marketing effort will focus on the donor. Understanding what motivates a donor and knowing what a donor's interests are, then matching the organization's needs to the donor's motivations and interests is part of the core of donor-centered marketing. There are plenty of good causes out there. Show a donor how an organization can help realize his philanthropic aspirations while ensuring that the needs of loved ones are met, and one will be more likely to secure the gift. By focusing exclusively on the organization's needs, one will be less likely to secure a gift. By treating a donor file as a homogenous group, one will be less likely to secure a gift. Donor-centered marketing, and not just marketing, will help build stronger relationships and secure more gifts.

In the Real World

Marketing versus Donor-Centered Marketing in Practice

An elderly woman in Philadelphia contributed a $25,000 charitable gift annuity to a well-known hospital in New York City. In addition to sending an acknowledgment letter, the development officer contacted the donor by telephone to thank her for her generous gift and to arrange a meeting when he was due to be in Philadelphia. So far in this story, the development officer has behaved in a donor-centered way. He has personally thanked the donor, learned a bit about why she made the gift, and has arranged to meet with the donor to learn more about her and her philanthropic interests. To recognize her generous support, the development officer invited the donor to lunch which she accepted.

When they got together, the development officer picked up the donor at her home and drove her to the Four Seasons Hotel for lunch in the very lavish Fountain Room. The donor was appalled. She refused to be seated and told the development officer that lunch in the more casual, and less expensive, Swan Lounge would be more appropriate.

When relating the story to a friend, the donor expressed her outrage that the hospital would waste her money by taking her out to such a fancy restaurant. She even thought the more informal Swan Lounge was too much. When asked if she would be making another gift to the hospital, she said, ‘‘Absolutely not! They waste too much money.’’

While lunch at an exclusive restaurant might be something that donors in New York might appreciate, this frugal Philadelphian most certainly did not. Unfortunately, the development officer, while trying to do the right thing, made a simple mistake. He assumed something about the donor that he did not know. A more donor-centered approach would have been for the development officer to simply have asked the following in the initial telephone contact, ‘‘I'll be in Philadelphia next Wednesday and would love to talk with you more over lunch. Would you be available? . . . Great! *Where would you like to go?*’’ With that one simple question, the development officer would have remained donor centered, would have enhanced the relationship, and would likely have secured another gift. Sometimes donor-centered marketing really is that easy.

Myth 5: Planned gift marketing should be passive. Except when working with major donors, many organizations believe that planned gift marketing should be relatively passive. In other words, planned gift donors should self-identify their interest before they are asked for a gift. Organizations that would never think twice of picking up the telephone and soliciting annual fund gifts would never use the telephone to solicit CGAs. After all, if someone is interested in a CGA, she would respond to the advertisement in the newsletter. The reality is that those organizations that are proactive in their marketing are enjoying greater success than would otherwise be possible. Planned giving is fundraising. The same fundamental principles apply.

There Has Never Been a Better Time

There has never been a better time to engage in a planned giving program. The population is aging, donors are more aware of their gift planning options, more individuals have wills, and generations beyond the Boomer have demonstrated they possess philanthropic values. Organizations that have recognized the opportunity and have worked to effectively cultivate and ask for planned gifts have experienced dramatic philanthropic growth in recent decades.

As the population gets older and passes on, vast sums of assets will be passed from one generation to the next. The Center on Wealth and Philanthropy at Boston College projects that at least $41 trillion (in 1998 dollars) will transfer to the next generation by 2052. Of that transfer, at least $6 trillion could go to nonprofit organizations, according to researchers John J. Havens and Paul G. Schervish (see Table 1.1). The numbers could be much greater.

The Center on Philanthropy provides some evidence that the nonprofit sector is, in fact, beginning to benefit from the leading edge of the wealth transfer. The report reveals that bequest giving, when adjusted for inflation, has almost doubled from 2004–2008 ($116.88 billion) compared with the period 1968–1972 ($60.22 billion).

TABLE 1.1

Projections for Intergenerational Wealth Transfer, 1998–2052

	Low Estimate	**Middle Estimate**	**High Estimate**
	Total (2% secular real growth in wealth)	Total (3% secular real growth in wealth)	Total (4% secular real growth in wealth)
Number of estates	87,839,311	87,839,311	87,839,311
Value of estates	$40.6	$72.9	$136.2
Estate fees	$1.6	$2.9	$5.5
Estate taxes	$8.5	$18.0	$40.6
Bequest to charity	$6.0	$11.6	$24.8
Bequest to heirs	$24.6	$40.4	$65.3

In 1998 dollars. Dollars are in trillions.
Source: John J. Havens and Paul G. Schervish, ''Why the $41 Trillion Wealth Transfer Estimate Is Still Valid,'' Center on Wealth and Philanthropy at Boston College, 2003.

In addition to the positive impact of the wealth transfer on planned giving results, a number of the more recent research studies provide a greater understanding of donor behavior and how donors view planned giving. The nonprofit sector has also gained a greater appreciation for the role of sound marketing in the planned giving process; the creation of the National Committee on Planned Giving (now the Partnership for Philanthropic Planning) in 1988 offers some evidence of this as gift planning professionals came together to share ideas, provide training programs, and offer other services.

A number of factors have come together at this time to make this the best time ever to engage in a planned giving effort: (1) the largest intergenerational wealth transfer in history, (2) a greater understanding of donor attitudes through recent research, and (3) an enhanced appreciation for the role of marketing within the nonprofit sector. However, while the environment has never been better for planned giving programs, it remains up to nonprofit organizations to actually capitalize on the opportunity.

IN THE REAL WORLD

Executive Insight

For those who think the generational transfer will automatically flood their organizations with resources, it's time to think again. Without putting in the hard work of generating these planned gifts, 90% of donor mortality will simply result in lost current giving.

—Russell N. James, III, Director of Graduate Studies in Charitable Planning, Texas Tech University

An Illustration of Donor-Centered Fundraising

Thanks to the minds at Wordle (www.wordle.net), one can illustrate the difference between a donor-centered fundraising approach and one that is not, both using word clouds. In Figure 1.2, a fictional hospital foundation is the major focus. The needs of the hospital are prominent as are the various fundraising

FIGURE 1.2

Organization-Focused Language

Source: www.wordle.net

FIGURE 1.3

Donor-Centered Language

Source: www.wordle.net

tools at its disposal. The emphasis is on securing donations for the hospital by the end of the year. Little if any emphasis is put on the donors. The words are largely focused on the hospital with the words most emphasized being those most focused on the hospital and its needs.

By contrast, Figure 1.3 emphasizes collaboration between the hospital and the community. The words and the emphasis are much more focused on the donor. For example, instead of emphasizing words such as *Give* and *Pledge*, this illustration emphasizes the words *Together*, *Thank-You*, and *health care*.

In the donor-center illustration, one sees that the hospital has less prominence than in the previous illustration. Obviously, the hospital is a key component, but the focus has been shifted to the community and to the donor's philanthropic desires, need for appropriate information and recognition, and hope for positive impact. It is a view of the world more from the donor's perspective.

When designing any marketing, communications, or solicitation program, it is important to create and maintain a donor-centered focus. For example, does *year-end* describe the end of the organization's fiscal year or the end of the donor's year? Donors care far less about the end of the organization's year than they do their own year-end. So, a year-end appeal should be sent in October, November, or December rather than in April, May, or June.

Proactive versus Reactive Planned Giving

A great number of planned giving efforts involve primarily passive and reactive marketing. Organizations may have a planned giving button on their web site home page (though it is very often buried deeper in the web site if it exists at all), or may include an advertisement about CGAs in a newsletter, or tell a story about a planned gift donor in the annual report. While each of these marketing examples represents valid promotional approaches, they are at best reactive and at worst passive marketing methods. An article in the annual report may simply inform and contain no call to action. An advertisement in a newsletter may contain a call to action, but it relies on the donor coming forward. As background marketing, these are important awareness-raising techniques. However, much more needs to be done to have an effective planned giving program.

A truly effective planned giving program will contain a mix of reactive marketing methods and proactive techniques. The most effective proactive technique is to talk with donors and prospective donors, preferably face-to-face. If one's organization has a planned giving officer, this individual should spend less time at his desk and more time in front of donors and prospects. If the organization employs major gift officers, these individuals should take a holistic approach to their conversations with donors and prospects to help them with their philanthropic planning. This means they should be prepared to discuss gift planning options. To ensure that this is done, nonprofit organizations must maintain a culture that supports and, indeed, encourages such a donor-centered approach. Unfortunately, while many organizations pay lip-service to a holistic approach, they only evaluate and reward major gift officers for the large current gifts that they secure.

KEY CONCEPT

You usually will not get the gift unless you ask. So: Ask!

Proactive fundraising is nothing new in the development profession. One would never be satisfied with a capital campaign that personally requested gifts from the top 150 donors while simply sharing a newsletter article with everyone else asking them to contact the development office in response if they feel like talking about giving. However, as Philip J. Murphy from Zimmerman Lehman observes, this is how most planned giving programs are run. He writes, "But there is a lot you can do on your own. Applying basic fundraising principles to planned giving is a good place to start."[15]

IN THE REAL WORLD

Get Out from Behind Your Desk!

During a seminar at an Association of Fundraising Professionals chapter conference, the director of development for a regional theater company asked a question: ''Could I have some of our repertory actors cultivate our major donors?'' The presenter initially thought this was a terrific idea. Theater donors often like to think of themselves as true patrons of the arts. The opportunity to interact with the actual performers would be meaningful to many of the theater's major donors. The presenter mentioned this and asked, ''How many major donor prospects do you have?'' The answer was 50. The presenter then suggested that the director of development schedule appointments with the major donors and plan on bringing one of the actors with her. At this suggestion, the director of development exclaimed, ''I don't have time for that! I was hoping that the actors could go out on their own.'' The presenter patiently responded, ''If *you* visit with only two major donors per week, you will have seen them all within six months. And, not only will they have been cultivated by having the chance to interact with one of the actors, *you* will have developed a relationship and, in the process, learned more about the donor's interests and philanthropic abilities. You will be well positioned to renew and upgrade their current support while being able to begin a conversation about planned giving. What could possibly be a better use of time?''

While the development director was not pleased with the response, the reality is that the most effective fundraising happens at a coffee table not at a desk. Being proactive and actually talking with donors and prospects, understanding their needs, cultivating them, and asking for the gift is always the most effective development strategy.

Stepping Stones to a Successful Planned Giving Program

A planned giving program cannot be developed in a vacuum. At the foundation of all development efforts is the organization's mission. A development professional must know and understand this so that she can explain it to prospective donors and inspire them to give. One way to begin the process of inspiring donors is to develop a comprehensive case for support, based on the organization's mission, that identifies the organization's various programs and services, explores the organization's plans for the future including a review of how the organization provides benefit to those served, examines why prospects might want to support the organization, and outlines how prospects can contribute.

The development of an internal case for support will help engage the organization's leadership and will help garner their support. Without the support of the organization's volunteer and staff leaders, no planned giving program will realize its full potential. From the comprehensive case for support, and based on the internal case, the organization should develop the external case for planned giving support. Prospects must understand why planned gifts are important to the well-being of the organization. More important, prospects must understand the effect that planned gifts will have on the beneficiaries of the organization. As many planned gifts will not be fully realized for decades, donors must understand the impact they will have at some distant point in the future.

Once an organization has refined its mission, developed the case for support—including internal, comprehensive, and planned giving specific—and secured the endorsement for a planned giving program from the organization's leaders, the organization is then ready to create its planned giving program. For some organizations, the planned giving program will be relatively simple and involve existing staff and the marketing of bequests. At the other end of the spectrum, the launch of a new planned giving program might include the addition of staff, the engagement of outside professionals, and the creation of a broad array of gift planning instruments.

To begin building the planned gift marketing program, regardless of the size of the effort, staff will want to focus on five fundamental steps:

1. Identify prospects.
2. Educate.
3. Cultivate.
4. Ask.
5. Steward.[16]

While everyone who has had contact with a nonprofit organization is a viable planned giving prospect, no organization has the budget and staff resources to treat every prospect as a high-priority opportunity. Therefore, development professionals need to segment their database and establish who the priority prospects are. While there are some sophisticated things that one can do to rate and prioritize prospects, the best prospects are often fairly easy to spot. The highest-priority prospects are those with the closest relationship with the organization such as consistent annual fund donors, long-term members, board members, volunteers, and others with well-established bonds to the organization.

Educating donors and prospective donors about planned giving is a fundamental component of any gift planning program. Relatively few individuals have even heard of the term *planned giving*. One cannot expect others to engage in an activity that they are not even aware of. While development professionals can have face-to-face meetings with a modest number of prospects to discuss gift planning, an organization's message must be delivered far more broadly to better prepare prospects for face-to-face meetings and to reach people that may not be reached through visits but who may, nevertheless, be willing to make a planned gift commitment.

An organization can educate its target market through its existing media such as newsletters, web site, e-publications, annual report, and special events. Additional, affordable media can be added to the mix as well. For example, an organization can add an informational brochure to a receipt mailer, host educational seminars related to tax and estate planning, or use display advertising. The key is to understand that the best prospect identification process will not uncover all of the truly viable prospects, and it will not educate the prospects it does identify. So, an effective educational strategy is essential.

For prospects that have been identified, a sound cultivation program will help further educate the prospects, warm them to the idea of gift planning, help the development professional learn more about the prospect, and help both better understand how gift planning can help the prospect fulfill his philanthropic aspirations while meeting the needs of loved ones. One of the easiest and most powerful ways to cultivate prospects is to actually speak with them, preferably during a face-to-face visit.

The next step in the marketing process is to ask for the gift. While virtually all organizations would not think twice about asking for annual fund support, with many doing so several times throughout the year, many of those same organizations are uncomfortable asking for a planned gift. However, good fundraising requires an actual ask, even for planned giving. For upper and mid-level prospects, the ask should be done in person. For lower priority prospects, the ask might be done by mail or even telephone. By carefully identifying and prioritizing prospects, organizations will be well positioned to know who to ask in what way. While in-person solicitation will always be the most effective, it is not always the most practical. It is, therefore, far better to ask through the mail or a telephone call than to not ask at all.

The final step in the marketing process is consistent and effective stewardship. Because many planned gifts are revocable, it is essential that donors continue to feel engaged and appreciated. Furthermore, a fully engaged and appreciated planned gift donor is more likely to enhance the value of his gift, more likely to make an additional planned gift commitment, and more likely to support the annual fund. Excellent stewardship may also lead to gifts from family members. So, the marketing of planned gifts does not end with the ask or even the signed gift agreement. The marketing process, really the relationship-building process, continues with strong stewardship.

While this book will not provide technical planned giving advice or comprehensive information about how to structure a planned giving program, it will guide readers through the planned gift marketing process and offer donor-centered suggestions. By implementing a donor-centered planned gift-marketing program, organizations will be able to secure more gifts than ever before.

Summary

Planned giving is fairly simple. The vast majority of all planned gifts are simple bequests, charitable gift annuities, or gifts of stock. While it is important to be aware of the other gift planning vehicles that exist, it is not necessary to be an expert. One simply needs to know who to call for assistance when the need arises—be it a local estate planning attorney, certified public account, financial planner, banker, or community foundation official. Because planned giving is simple at its core, any organization can have a planned giving program. Not all programs will be sophisticated and offer all giving options. However, even the smallest nonprofit organization can encourage donors to include the organization in their wills.

There has never been a better time to engage in planned giving. As the population ages, we will continue to experience, over the coming decades, the largest intergenerational wealth transfer in human history. Whether in economic boom times or recession periods, planned gifts remain an excellent way for donors to realize their philanthropic aspirations with minimal or no pain and, depending on the gift vehicle, significant personal or estate benefit.

To successfully generate planned gifts, development professionals must be proactive with their marketing. Yes, passive background marketing is an important component of a comprehensive marketing plan. But, for one to be truly effective, she will need to actually ask for support.

This book is an attempt to define the key elements of a successful, well-rounded planned gift marketing program that is proactive and donor centered. Whether read from cover-to-cover or used as a handy desk reference, readers will find practical information, helpful tips, and illustrative stories from some of the profession's greatest practitioners. By putting even a few of these ideas to work, your donors will be more inspired, and your planned giving program will be more effective. Along the way, you will also find yourself having more fun energized by the momentum your program will take on.

Exercises

- It is essential that you know your organization's mission because all of your activity should be devoted to achieving that mission. Does your organization even have a mission statement? If it does, learn it, memorize it, and share it. Consider if your donors and prospective donors know the organization's mission.
- You must know what your donors and prospective donors have seen and heard from your organization. It is helpful for you to experience your organization as your donors and prospects do. So, gather one year's worth of communications to your planned giving donors and prospective donors. Be sure to include all communications and not just those concerned with gift planning. These materials will be used in future Exercises and will help you better position future communications.
- Once all of the organization's various communications are assembled, take time to review them and then ask yourself:

- Are all materials brand consistent? Among other things, is only one logo used consistently, are the correct institutional colors always used, is the same font style used?
- Do both words and images make it clear what your organization's mission is?

- Determine if your gift planning communications are donor centered. One way you can test your communications is to visit www.wordle.net. Then copy and paste the text of your letter, e-mail, web copy, or brochure into Wordle to create a word cloud. The words that appear largest are those used most often. Are those words institution focused or donor centered?
- On an ongoing basis, it is important for you to see what your donors and prospective donors see. So, add your name and contact information to your organization's database so that you will be included in all communications sent to your planned giving donors and prospective donors.