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The Shift: Event Transaction to Philanthropic Transformation

THE BALLROOM PLUNGED INTO DARKNESS. You could hear a pin drop. The silence stilled the guests. Suddenly, a spotlight on stage framed a young man's face.

"I live in a very fast world. That's because I'm a professional race car driver and my car reaches 150 miles an hour with a singular goal—crossing the finish line first. But the first time I saw my brother Jack in the intensive care unit, my life slowed to almost a stop. He was so small—born with Down syndrome—and faced so many challenges, but I saw a light in him. I knew that he would be a great little brother.

"I was right about Jack, because that tiny baby is now the happiest kid I've ever met. There is something about him that just lights up your day. As we have grown up together, I've seen how much Jack's time at the STAR Rubino Family Center has helped him. His speech has improved so much, and he's learned how to swim, even underwater.

"STAR is so important to Jack and countless other children that they are now my racing team's designated charity. So every mile I drive builds awareness and raises funds to help kids like Jack cross their own finish lines and realize their dreams of victory. My name is Justin Piscitell. And STAR is leading the way for my brother Jack."

The house lights went up, illuminating the guests.

"This is only one of the hundreds of success stories you make possible because of your generosity," remarked STAR's board president. "Lives are changed every day because of the dedicated professionals at STAR, and they cannot continue their



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work without your support. We are here tonight to raise as much money as we can. Your high bidding in our live auction will make a world of difference to our STAR participants. And here to help us raise as much money as we can, please welcome our auctioneer, Kathy Kingston.”

As STAR’s professional auctioneer, this was my cue. “Together, we are about to do something amazing tonight,” I said. “It’s really not about what you get, it’s about how much you can give to change a person’s life, at STAR, just like Justin’s brother Jack.”

“And now it’s fundraising time,” I continued. “Live auction item number one is so special. Our STAR participants will create and personally deliver a beautiful flower arrangement to you once a month for an entire year. Remember, the last bid card in the air wins! Let’s go. If you believe that your gift can make a difference to help someone like Justin’s brother, Jack, raise your bid card for \$1 to start.”

Every single guest raised their bid card. Quickly, bidding blew past \$100; then, \$500. Bidding was already over value, and the excitement mounted with each beat of the benefit auction chant. Bid cards were waving at \$1,500, \$2,000, and \$2,500. Suddenly, the bidding jumped to \$4,000, and then \$5,000.

Two gentlemen fervent to win stood and faced each other with huge smiles. Guests cheered them ever onward. They bid higher and higher, from \$5,000 to \$6,000, to \$6,500, to \$7,000! Finally the bidding hit \$8,000—for flowers delivered once a month from our STAR participants! Going, going...and they kept on going. The crowd went wild. These two battled back and forth, the audience members on their feet along with the bidders. At the crescendo, the bids reached \$8,500. Finally, the second bidder conceded with a grin. I sold the flowers for \$8,500!

The board president called out, “We can double this auction item. Sell two, Kathy.”

“Sold! Sold!” A live auction item valued at only \$380 had just raised \$17,000—in only two minutes.

But what happened next was a stunning example of an inspirational surprise that propelled guest emotion and engagement even deeper.

I ran over to the winning bidder and said, “Thank you for your generous bidding for STAR. I’m sure that your wife and family will



love these beautiful flowers.” The winning bidder leaned into the microphone, “Yes, we really did want to make a significant contribution tonight to STAR. As far as the flowers go, we’re going to be giving them to our neighbor who has been having a tough time with her cancer treatments.”

This story exemplifies the power of benefit auctions to create a dynamic culture of philanthropy in action. Fundraising is not about items. It’s about having the right people in your audience who have the capacity and passion, and then communicating the impact of their high bidding.

What an unforgettable, magical moment.

You can create magic just as STAR, Inc., does at each annual benefit auction. How can you make this magic happen consistently? It requires strategy and preparation and, most of all, it requires a shift in thinking. To show you how you can make this important mind shift for your organization, I’d like to share two models that I created and teach, the Five Pillars of Strategic Benefit Auctions and the Philanthropy Model of Strategic Benefit Auctions.

Benefit auctions are one of the most powerful catalysts for identifying new donors, engaging audiences, raising funds, having fun, and increasing supporter participation across many levels, to ensure long-term giving.

Most importantly, your benefit auction event is an untapped, golden opportunity to connect your supporters meaningfully and deeply to what they love and care about most—by showing them how their gifts will positively impact the cause that impassions them.

Volunteers, board members, development professionals, auctioneers, caterers, and event planners *already hold this golden key in their hands*. The strategies in this book will teach you how to use this key to unlock the ability to raise more money and more deeply engage your donors.

I talked about this vital concept with Jack Wilson, founder and CEO of Northwest Software Technologies, Inc. “Event and auction fundraising is the most effective method of fundraising, designed to engage individuals and businesses that might not otherwise give to your organization,” he agreed. “This results in the expansion of your pool of potential long-term financial contributors.”¹

Let’s review the five core principles of strategic benefit auctions. We’ll look at each pillar and then show how STAR, Inc.,



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leveraged each one to achieve breakthrough success for their fundraising and donor development.

Five Pillars of Strategic Benefit Auctions

1. Find out what matters most to your supporters.
2. Invite your supporters in.
3. Inspire your supporters to fall in love with you.
4. Give them reasons to stay in love with you forever.
5. Invest in what counts; ignore the rest.

Pillar 1: Find Out What Matters Most to Your Supporters

“People do not give to needy organizations. They give to lofty causes that can make a difference,” says Sharon Danosky, president of Danosky and Associates. Design your event around this core idea, and you will have great success. Why do donors give? In *What Do Donors Want*, Dr. Daniel Oppenheimer, a professor at Princeton University, summarized the research of several prominent social scientists on the determinants of giving behavior. Oppenheimer found that no matter what objective information is available to donors, the majority of donors will give as a result of emotional or relational factors.²

In strategic audience development, the personal “ask,” which connects people to something they care about, is absolutely critical. It also underscores the importance of developing your audience one guest at a time. Treat your donors as donors and let them be vested in your mission.

At STAR, Inc., board, staff, and volunteers all get to know—personally—the guests who attend their auction. They understand how and why their services and programs matter to each guest. Furthermore, STAR’s gala committee members strategically hand-select auction items to match the interests of their audience.

Pillar 2: Invite Your Supporters In

Benefit auctions are one of the most powerful catalysts for identifying new donors. Research by Blackbaud, provider of nonprofit



software and services, shows that special events were rated the most effective donor recruitment method in the United States and Europe.³ The goal of audience development is to not only invite people who care about your cause, but also to inspire power bidders and the other supporters attending your fundraising event and excite them to wave those bid cards higher.

Developing and cultivating an audience filled with guests who are committed to promoting your mission is best achieved through personal and targeted outreach, as well as careful creation of a guest list. In the case of STAR, long-time board member Rob Cioffi brought his friend Matt Glass, whom he wanted to introduce to STAR's services. Prior to the auction they both decided to help raise more money and to have fun doing it by going head-to-head to bid for the flowers. This resulted in \$17,000 in funds raised in just a few short minutes.

Pillar 3: Inspire Your Supporters to Fall in Love with You

In his newsletter article "Why Gifts Matter," Thomas Ahern wrote,

Making a gift is a purchase decision. I expect something in return. What? Just a feeling really, the feeling that by making a gift, I've made a difference. If you don't convey that feeling regularly in your communications, don't expect me to continue giving. Fundraising communicators know the business you're in. You are into making all donors feel very, very good. Too often donors are served a steady diet of how great the agency is when they should receive, instead, heaping helpings of how great the donors are and how much good gifts do.⁴

This wonderful statement underscores the need to communicate the impact of your supporters' gifts at your benefit auctions. We'll be covering this in-depth in the chapters on marketing and measuring impact.

STAR intentionally showcases true stories—for example, Justin, the race car driver, and how STAR changed his brother Jack's life and other kids just like Jack. Each year, the auction's organizers strategically select, write, and rehearse emotionally inspiring stories. Those stories are told in the first person to

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illustrate their impact on their clients and to deeply engage the audience. A very high percentage of guests return each year, and they tell me that as far as they're concerned, hearing the stories is one of the highlights.

Pillar 4: Give your supporters reasons to stay in love with you forever

Leverage your benefit auction to build long-term relationships and engage your wonderful supporters year-round, before, during, and after your benefit auction event.

My philosophy on fundraising auctions is to maximize the proceeds, of course, but also to create a dynamic climate for giving that transcends the benefit auction event. In other words, you create a culture of giving that begins with pre-action planning, is highly visible at the auction, and continues long after your event ends. In this culture, you can actually make the most money *after* the event, when the doors are closed.

Effective follow-up after the benefit auction event is critical, and many organizations miss this vital process altogether. Successful organizations create strategic plans to deepen relationships with donors and bidders after their benefit auction events. We'll discuss how to build strong relationships after the doors close.

STAR's board and staff understand that their event is not transactional, it's relational. And relationships are built over time. That's why they create a strategic year-round cultivation plan of personally contacting and thanking every guest, inviting them to become more involved with STAR throughout the year. Don't underestimate the power of strategic benefit auctions to deeply activate a new culture of giving. As you'll recall, in the auction the winning bidder gave away the flowers to a friend with cancer, further illustrating a truly generous spirit of giving.

Pillar 5: Invest in What Counts; Ignore the Rest

Spend your valuable time and resources on what raises money and retains donors. This is one of the most overlooked areas of event fundraising. Many volunteers and organizers get wrapped up in



aspects of the event that have little or no impact on fundraising or donor loyalty. Let go of things that do not raise money, such as the color of the table napkins, how tall your centerpieces are, the type of dessert served, the band, the dance floor size, even the silent auction. Concentrate on major income producers like live auctions and the fund-a-need appeal, as well as sponsorships and donor engagement and cultivation.

While STAR ensures that all the logistics, including the meal and day-of-event details, are handled professionally and guests have an outstanding and fun experience, the core focus is to more deeply engage guests about the cause and to raise funds for the long term.

Revitalized Leadership Roles for Board Members and Auctioneers

Board members play a pivotal role in the success of a benefit auction event. Benefit auction fundraisers offer a natural way for board members to become more engaged in fundraising and guest cultivation. These events provide a unique forum for people to support your cause. This is the opposite of what most people think. A charity auction event is *not* just a way to raise funds for your charity. It is also a rare opportunity to help board members understand how to fundraise.

The revitalized leadership role of the auctioneer is to serve as a quarterback and also a coach (learn more in Chapter 4), by providing expert fundraising and auction consulting for months prior to the event and months afterward. He also is the strategic quarterback for your entire fundraising event and serves as the ambassador for your cause on and off stage. We'll be discussing this pivotal role in the chapter on auctioneers. The auctioneer works during the pre-auction meetings, during the cocktail hour and silent auction, and before the live auction even begins. You'll want the auctioneer to mingle during the silent auction, meeting and getting to know guests and asking key questions such as: How are guests connected to the organization? Next comes the even more crucial question: What specifically do guests love about the cause and why? By the time the auctioneer gets to the stage for

the live auction, he or she will have met nearly all of your guests by interacting with them during the cocktail hour and silent auction, and people will be accustomed to hearing the auctioneer's friendly and knowledgeable voice.

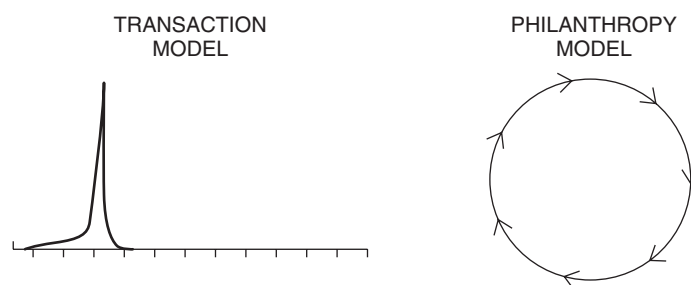
Philanthropy Model versus Transaction Model of Auction Fundraising

Let's look at what's been happening in the past at fundraiser auctions, as well as a new opportunity to take your special event fundraising to the next level with my Philanthropy Model (see Figure 1.1).

The Merriam-Webster dictionary defines *transaction* as "a business deal, an occurrence in which goods, services, or money is passed from one person, account etc., to another."⁵ Philanthropy is defined as "the practice of giving money and time to help make life better for other people."⁶

The strategic benefit auction philanthropy model uses benefit auctions as catalysts for greater fundraising and long-term donor engagement (see Figure 1.2). The emphasis is on leveraging the auction event itself as a powerful entry for new and existing supporters to learn about and to become more deeply engaged in the organization. The focus is on higher-level fundraising such as live auctions and fund-a-need appeals. Board members and stakeholders take an active role in guest cultivation and fundraising.

Figure 1.1 The Philanthropy Model of Fundraising Auctions



In contrast, the transaction model uses benefit auctions as a one-time event, a short-term approach (see Figure 1.3). In this transaction model, people often look at the approach as broken. It's very much focused on event-planning transactions, with people simply exchanging money for goods. This is more of a shopping mentality—guests are looking for a bargain. In the transaction model, the audience's motivation to attend is social, and many times there is little emphasis on the mission of the organization.

Simply said, if you want to raise a lot more money and keep your donors, shift from a friend-raiser mind-set to a philanthropic giving mindset. Change your one-time event mind-set to one in which you leverage your auction as a gateway to long-term donor development. And instead of simply “doing” an auction and crossing your fingers, adapt a strategic philanthropy model mind-set.

As nonprofits and schools are challenged for greater income and resources to support their missions, sustainable solutions are required. This paradigm shift advances organizations from the limited view of the transactional model of single-event planning to a long-term view philanthropy model. You get this by creating a culture of giving that has a lasting impact for your entire organization, clients, and community. A strategic approach means that your auction fundraiser has a greater purpose. It goes beyond raising money that night at your event. It has the power to unite people to generate enthusiasm and action—not only to raise money, but also to deepen their relationships to you and your great cause. With this approach, you unite people with fun and energy and purpose.

Figure 1.2 Philanthropy Model Word Cloud

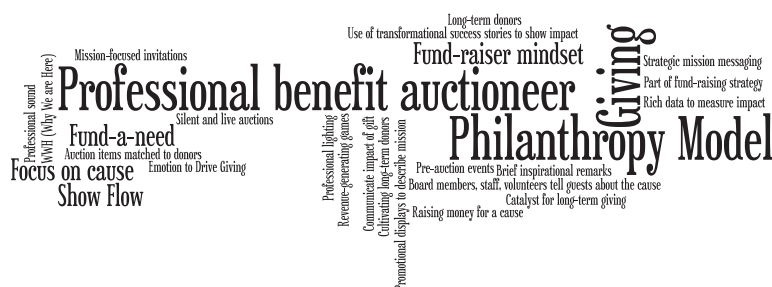


Figure 1.3 Transaction Model Word Cloud

Committees sometimes think of a benefit auction or another special fundraising auction event as a one-day business or a stand-alone fundraiser. But fundraising auction events are year-long opportunities, not one-day events. A strong philanthropic program brings people into your organization and strategically ensures that you retain all of those donors, many of whom will upgrade their gifts over time until they give their ultimate gift.

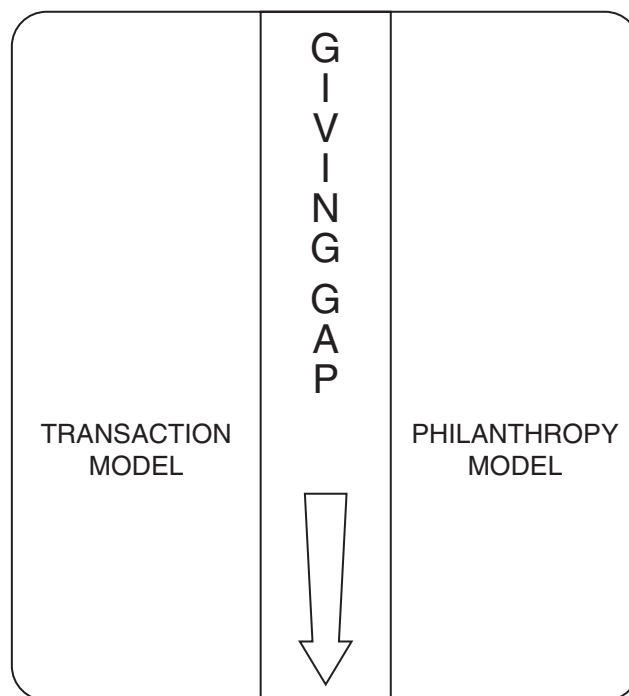
The number-one problem for many nonprofit organizations in this country is that they are not retaining their donors. Donor attrition may be as high as 40 to 70 percent for a typical nonprofit.⁷ If you were running a business and lost 60 percent of your customers every year, you'd be out of business. It is as critical for a nonprofit to develop a pool of donors who upgrade their gifts as it is for a business to build steady customers. If you only look at your fundraising auction event as a silo, you are losing the opportunity to cultivate your donors and make sure that they stay by your side over time. Instead, create a dynamic climate for giving that transcends your benefit auction event. It's far more than a party. It's a cultivation event. It's a point of entry for long-term supporters. You must demonstrate fantastic hospitality and set a positive, upbeat inspirational energy that encourages giving. This is critical.

Have you ever been to a school auction where the first-grade cookie jar containing every child's thumbprint sold for thousands of dollars? I have actually sold that exact item for over \$10,000! Why? Because this unique handmade cookie jar connects families with the school, their kids, and the ways that education will impact their lives and families.

The Giving Gap

The Giving Gap at benefit auction and fundraising events is the difference between what organizations are raising now and what they could be raising if they designed and conducted their fundraiser events with the Philanthropy Model mind-set. The gap represents the funds organizations are failing to raise with the old Transaction Model approach. This gap also highlights the loss of donor support, not only at the event but also over time. The Giving Gap represents the staggering amount of money that organizations are losing by using an old transaction model instead of a new philanthropy model (see Figure 1.4). Projecting this financial and donor loss over five and ten years, you quickly see the staggering negative consequences. The proven strategies and tips that I've developed will show you how to catapult over the Giving Gap, transforming special events to maximize fundraising and to engage more donors now and into the future.

Figure 1.4 The Giving Gap



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Using the Philanthropy Model and the strategies in this book will help you focus on keeping and treasuring every donor. You will ultimately help your supporters become the philanthropists they all can be. Remember that the fundraising auction event is a terrific opportunity to build relationships. A top predictor of success is how well the organization integrates all aspects of their auction fundraising and donor cultivation into their overall advancement plan.

People do *not* give to needy organizations. They give to lofty causes that can make a difference. In the benefit auction world, we are not in the auction business, nor are we in the event or party business. We are in the relationship business. This is a paradigm shift that moves us from a mentality of “people are just coming to our auction to buy some items” to “our guests are really getting involved by coming to an amazing event where they become more greatly invested in our mission and wish to stay connected to us as a charity of choice.”

Transformational Benefits of a Strategic Auction Fundraiser

- Adds an upbeat, exciting dimension to your fundraising capabilities
- Maximizes your staff and volunteer effort
- Creates pride and momentum within your organization
- Generates increased awareness in your community
- Educates the public about your cause
- Encourages businesses to become part of your constituency
- Helps merchants attract new customers, as a result of exposure at your auction
- Binds members and volunteers to your organization
- Offers attendees double the fun: buy at auction *and* support a great cause
- Continues to bring in money long after the event is over
- Broadens your financial base by attracting new donor sources
- Makes everyone a winner: donors, purchasers, your organization, and the clients it serves

Conclusion

Fundraising auctions, when strategically designed and properly conducted, can be a highly effective solution for donor retention, audience engagement, board empowerment, supporter cultivation, mission-focused marketing, and maximum fundraising.

Using the Five Pillars of Strategic Benefit Auctions and the strategic benefit auction Philanthropy Model, organizations can strongly position their fundraiser, auction, or charity benefit to serve as a *powerful catalyst* that can be integrated into a sustainable long-term successful development plan.

Notes

STAR, Inc., Lighting the Way, in partnership with the families and communities we serve, is an innovative leader in providing opportunities for a meaningful life to individuals with disabilities through personal development and participation in the community.

1. Jack Wilson, personal communication, October 28, 2014.
2. C. Gibson and W. M. Dietel, "What Do Donors Want?" *Non-profit Quarterly*, September 22, 2010. Retrieved from https://nonprofitquarterly.org/index.php?option=com_content&view=article&id=5866:what-d.
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4. T. Ahern, "Why Gifts Matter: They Buy Impact and Self Esteem," *Ahern Donor Communications*. Retrieved from http://aherncomm.com/ss_plugins/content/content.php?content.5069.
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7. Association of Fundraising Professionals and the Urban Institute, "2013 Fundraising Effectiveness Survey Report", Fundraising Effectiveness Project, 2013. www.urban.org/uploadedpdf/412906-2013-fundraising-effectiveness-survey-report.pdf.