How to guide to developing individual donors

Introduction and Definitions

If you want to encourage individuals to give money to your organisation you will have to decide on the type of donors you want to target. You may decide to develop a regular donor/membership campaign or you may decide to go for Major Donors.

Please note that we are not going to refer to cash donations in this guide although they are also a form of individual donations.

The definitions for the terms Major Donor and Regular Donor in this guide are:

- **Major Donors will give donations (of money or gifts in kind) that:**
  - Have a significant impact on the organisation
  - Will vary in size depending on the organisation i.e. every organisation will define what they consider a major gift differently. For some £100 is a Major Gift for others £5000 is the starting category for a Major Gift
  - Is significant to the Donor
- Regular Donors give:
  - Smaller amounts on a regular basis normally through Direct Debit or Standing Order

For smaller organisations it is less likely that you are going to secure hundreds of thousands of pounds from a donor as you don't have the capacity, structures or resources to secure or manage those kinds of gifts. You are more likely to secure smaller gifts such as a few hundred to a few thousand pounds. However one of the main reason to go down the route of major donors would be to identify women within the community who have influence and contacts who could organise community fundraising events on your behalf, champion your work amongst their rich friends and give you access to more influential circles.

Before deciding which route to take it is important to consider the advantages and disadvantages of these two different approaches to donations from individuals.
The table below highlight some of these but is not exhaustive.

	Regular donors	Major Donors

Advantages	o Spread the risk o Likely to give money over a long period of time o People forget about small regular donations going out of their bank account o More likely to be unrestricted[1]	o Larger gift o High value therefore need less of them o Have less donors to take care of o Gives you access to other rich contacts o Provides you with someone that can champion your work amongst their rich friends
Disadvantages	o Smaller amounts so need a lot of them o Takes a long time to recruit lots of small donors o Have to keep up with donors that stop giving o Have to take care of many different donors – keep records, stay in touch	o Can take a long time to develop o More likely to want a say in where the money is going o Need a lot of personal attention

This guide will focus on Major Donors although many of the principles are transferable to developing donations from regular donors.

The profile of potential major donors

If seriously considering Major Donors as a potential income stream it is important to be aware of the current and changing landscape.

There is an emerging new type of philanthropist[2] and it is important to be aware of who they might be and why they are turning to philanthropy:

- A significant number are women
- They are interested more in vision than detail
- They see a problem and want to help fix it
- They want to make an impact – (also want to *see* their impact)
- They want to get involved in doing good
- They want to achieve recognition as well as wealth
- They will do as much research on you as you on them
- They expect accountability
- They will expect you to be brilliant stewards[3]

[1] Income that can be spent how you choose to spend it rather than being tied to certain conditions. For example income from trusts and foundations is often restricted to spending it on a particular project
[2] Someone who makes charitable donations intended to increase human well-being

When considering raising money from major donors people often think of targeting the super rich, assuming they are the ones who have all the money - but they might be missing something. Major donor fundraisers are increasingly becoming interested in the generation of people called the "baby boomers" for the reasons set out below.

Baby boomers
Born 1947-1963 (Boomers 47-57, shadow boomers 58-63).
The baby boomers make up 29% of the population.
General characteristics:

- Concerned about their children's futures
- Independent
- Liberal in social attitudes
- Demanding – don't accept authority so easily
- Home owners (large proportion)
- Confident consumers – happy to complain
- Have secure and higher pensions
- Have an annual combined income of £160 Billion
- Have more disposable income as they get closer to retirement
- Worth £5.6 Billion in legacies[4] by 2050

KEY POINT
Whoever your donors are or become they will always want to know how their money has been spent and the difference they are making to the world. They'll expect a high level of transparency and will want to feel connected to the charity/issues/beneficiaries they support.

Some general rules to major donor fundraising

Some general rules are:

- For every nine people you approach ("prospects")[5] you will get one person who donates (a 'Win')
- It can take anything between six and 18 months from your first contact with a potential donor to develop the relationship and end in a 'win'
- Major donor fundraising is all about building a trusting relationship with the potential donor, taking care of their needs and responding to their motivations

[3] To be a brilliant steward means to take care of your donors well. You will increasingly hear the term stewardship referred to in individual donor fundraising as it is considered essential if you want to hold on to you donors.
A definition of stewardship is 'the process whereby an organisation cares for and protects its philanthropic support – its gifts and those who give them – in a way that responds to donors' expectations and respects the act of giving'.
[4] A legacy is a gift of money or property from an individual in their will.
[5] This assumes that the nine people you approach have been targeted well i.e. you have good reason to think that they will give after having researched them

The process

In order to develop major donors you need to go through the following seven step process which is set out in the next section of this guide.

1. Identify
2. Research
3. Understand Donor Motivations
4. Plan
5. Engage
6. Ask
7. Thank
8. Stewardship

Step 1 – IDENTIFY

Many of your potential donors will be found within your organisation's existing network or at least will be connected with your existing network in some way.

Therefore it is important to begin the process of identifying potential donors with the people you already know. Every one of these people will have relationships with a larger network of people. The average person has 40 'significant' relationships.

a) A Treasure Map

A good way of getting different people in your organisation involved in mapping out their existing contacts is by doing a treasure map (see diagram below). We have found that doing this with different groups of people within an organisation is quite effective. For example you could do this with your staff, volunteers, Management Committee and/or senior management team and any other groups of people who have an interest in your organisation.

A treasure map

Treasure map exercise: To be done with the different groups
See Treasure map (Appendix 1) which gives you an example of how the map might start to look like, with instructions.

Remember that:

- An important part of this process are the conversations you start having whilst doing the treasure map. This is when information can be drawn out
- You want to focus on contacts that have money, influence and/or personal contacts who can open doors and network for you, although the exercise shouldn't be limited to only these kinds of contacts because sometimes you just don't know until you start exploring them more
- You want to be thinking about who is connected in your community and who else can help you to reach those people
- Not everyone you identify will become a donor
- Some people you identify will offer you different resources which may lead you to the other people that have money
- Everyone on your map is another source of new networks
- It will take time

Once you have completed the map(s) you will need to pull all the information together into a format that you can analyse and take to the research stage.

b) Existing database screening

If you have an existing database it is well worth screening it to see whether you have any rich potential donors on it. There are two ways to do this;

1) Do this yourself by going through your database one by one and checking names and addresses against expensive post codes and lists like the Sunday Times Rich List
2) Pay a data screening company to compare your database against their own database of rich or well connected people (company directors, trustees of grant giving bodies, shareholders, etc.) and pull out the rich ones. They can

also check and update invalid names & addresses, phone numbers, etc. and select people by specific criteria (age, location, etc.)

Below are some data screening companies

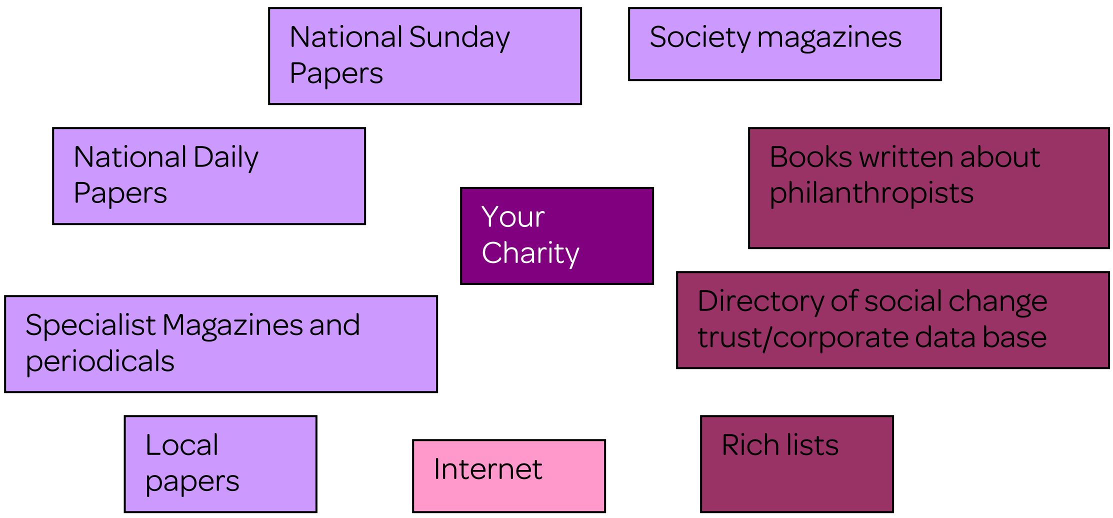
- Brakeley
- Chapel & York
- Datapreneurs
- Factary
- Fundraising Research & Consultancy Ltd
- Milestone Research
- Prospecting for Gold
- ResearchPlus
- Telos Research

Screening costs money, of course, so shop around to get the best deal. Ask them who they have worked with (or get the information from their website, for those that have it) and then contact the organisations in question and ask them what they thought of the screening company.

c) Cold research

As well as collating information about the people you already know, you will probably want to start collecting information about people or groups of people you hear about that might be interested in your cause but with whom you have no contact at present.

TIP – You could start collecting this all into a 'Friday Afternoon File'[6] which you save to look at when you have some time. You could collect this information from the following places:



Step 2 - RESEARCH

[6] The name 'Friday Afternoon File' is used as a suggestion. This is simply a file you might pull out and leaf through on an afternoon when you have a bit of time.

Once you have identified your potential donors you need to start doing some research to find out more about them. This process can be quite time consuming. Depending on the time and resources you have, decide how much information you want to collect about each person. You will probably have to prioritise who you want to research in more detail.

The type of information you want to be collecting is:

- General Information
- Career Information
- Business Networks
- Charitable Connections
- Social Networks
- Interests
- Press Coverage

See Solicitation Plan (appendix 2) which gives you an idea of the type of information you might want to be collecting on each potential major donor.

KEY POINT
You can build up a potential donor's interest in you, you can find connections to them but you can't make them rich or well connected so spend time working out their capacity and their likelihood to give which will relate to how connected they feel with the organisation and/or the cause.

Resources available for research
There are a variety of resources available on the internet that can help with the research. For example you can use:

- Search Engines
- Biographical Resources
- News Archives
- Social Networking Sites
- Wealth Estimators

See Websites (Appendix 3) for examples of the websites available to use for research

Other resources that are well known in major donor fundraising and very useful if you can get hold of them are:
Dash –A database of companies, directors and shareholders and the links between them
Debretts – A reference of British Aristocracy
Who's Who – A directory of noteworthy individuals in the UK

It is useful to note that if you can get student access to a library you can get access to **Know UK** which includes **Debretts** and **Who's Who** online.

Keeping good records

It is also very important to be keeping good records of everyone that has come in contact with your organisation including past supporters, visitors to your organisation, and participants at events.

The type of information that you should be keeping of everyone that comes into contact with you or your organisation is:

- Their name
- Their address
- Their email
- Their telephone number
- Contact history – including events attended, appeals responded to, notes of conversations
- Giving history – when and how much they have given
- Date when current membership or standing order for regular payment ends

Additional information that is also very useful to collect as you get to know the contacts better is:

- Employment/employer/job title
- Communication preference
- Interests
- Relationships with people in organisation, other supporters etc
- How they like to get involved
- Family
- Comments
- How they know about you
- Gender
- Age

This list is not exhaustive

<u>Data Protection</u>

If you are recording information on people you do need to be aware of, and work within data protection law.

General principles of data protection

- Do not keep any information on a donor or a prospect that your organisation wouldn't want to share with them
- Do not use information in a way a donor wouldn't wish
- Do not share information in a way a donor wouldn't wish
- Let the donor know that you have the information
- Be clear of your purpose for collecting this information
- Don't keep anything more than is necessary for the purpose

See Data Protection Principals (Appendix 4) for a bit more official information. The Institute of Fundraising (IOF) also has a lot more information on Data Protection. If you are planning to start researching and

keeping information on potential donors[7] it is important that you become familiar with the rules.

Step 3 - DONOR MOTIVATION

Donors give for a lot of different reasons. To be effective in getting money and in-kind support from individuals you need to work out what it is that would motivate them to give so you know how to communicate and engage with them.

In the case of small regular donors:

You would profile the potential donor pool and separate them into groups. For example if you work with women and children you might have a group of potential donors who are mothers or you might have a group who have indicated an interest in young women in one way or another. You might know this from:

- The answers to a questionnaire you have sent to supporters asking what areas they are particularly interested in
- The fact that they have attended a particular event around young women
- The fact that they have asked for specific information on your work with young women
- The fact that they have children etc.

In the case of Major Donors:

You would need to get an idea of each individuals personal motivations i.e. why they might want to give to your organisation's cause.

Research shows that what drives most rich people to give is:

- Social recognition [8]
- Mutual Benefit[9]
- Affinity[10]
- Philanthropy[11]

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[7] What the IOF writes about the collection of research on potential major donors for: 'It is not clearly stated within the Act to what degree fundraisers may develop a file (when researching major donors, for example) before it becomes necessary to obtain the consent of the relevant individuals. However, provided that the data itself is not sensitive, but freely available and in the public domain, it would be difficult to suggest that such processing could be unfair.
It would be reasonable to expect that at the first point of contact with such a donor, an appropriate declaration ought to be made by the person making that approach relating to the data held.'
http://www.institute-of-fundraising.org.uk/Resources/Institute%20of%20Fundraising/Codes/Data%20Protection%20November%202008.pdf p5

8 Social recognition refers to someone that wants to be recognised publicly for the support they have given.

9 Mutual benefit refers to a situation in which both parties (the donor and the charity) benefit from the transaction. This is often the case when charities work with corporate donors.

[10] Affinity refers to a feeling of closeness to and understanding of a particular cause by the potential donor. For example someone that has experienced mental health problems themselves or through someone close to them may have a close affinity to an organisation working in the area of mental health.

We also know that, generally, what donors want is:

- To be sure their gift is having an impact and adds value to what you do
- To be consulted and have their say
- To be communicated with
- To be properly thanked
- To be valued and in some cases recognised
- To see accountability and transparency in the charity
- To feel passionate about what you do
- To share your values

Step 4 - PLANNING

Given that individual donor fundraising is likely to be something you do in addition to everything else you do you will need to prioritise who you are going to focus on. You can use the following grid as a tool to prioritise.

Having done the research on your various potential donors you should be able to fit them into the different categories on the grid below. This will give you an idea of how to prioritise your potential donors in order of likelihood to give.

PRIORITY GRID

KEY POINTS:

- Make sure there is one person responsible for each potential major donor. Whatever contact the organisation has with the potential donor it must go through them
- Get as many relevant people as possible to engage with the potential donor in different ways. This can add value to their interactions with the charity.
- Think about who it will be that will eventually ask them for money. This is referred to as making the 'Ask' in major donor fundraising.

[11] Philanthropy refers to the effort or inclination to increase the well-being of humankind, normally though a charitable donation.

Learning more about your potential donors

As you begin to build relationships with your potential donors you will start adding more information to your donor research table to build up a profile of them ***(see solicitation plan – Appendix 2)***. It is this information which will help to inform your plan of how you will communicate, work and engage with them.
N.B. Once you are in communication with potential donors you do need to let them know that you are keeping information about them (see Data Protection section)

The type of information that is useful to collect is things like:

- How do they want to be communicated with?
- In the social calendar what do they like to go to?
- Who makes the decisions in the family about giving?
- What would they like to get involved in?
- What kind of events do they like?

See Planning contacts with potential donors (Appendix 6) for ideas about planning engagements with potential donors.

Step 5 – ENGAGEMENT

It is the engagement part of the process that takes the most amount of time. In fact the amount of time it takes is unlimited. It is also one of the most important stages as this is the point when you start getting to know your potential donors personally and ultimately successful fundraising is all about building good relationships.

Donors, especially those that are likely to give, can receive many requests to engage from charities. Therefore it is important to focus your message using personalised communication, where appropriate, in a way that addresses their motivations.

There are lots of reasons why you would want to engage. Some of them include:

- To find out more about your donor
- To build rapport
- To make them feel valued and important
- To inspire them about the cause
- To reaffirm their motivations
- To confirm their capacity to give
- To establish trust
- To decide when to ask

There are lots of ways to engage. Some of them include:

- Thank you Events

- Information Events
- Project Visits
- Dinners
- Personal Visits to their home, place of work
- Personal Notes
- Phone Calls

The more personal the engagement is the better the impact it has. Think about the atmosphere you are trying to create and the needs and motivations of the donor.

It is always useful to see how other organizations engage their current and prospective donors as it is far easier to take a good idea and make it better than to come up with an idea from scratch.

Be clear who is responsible for the engagement with the prospective donor(s) and who is going to be involved in the engagement. You want to make sure that the most appropriate people are involved. It is also very important to keep records and review them.

KEY POINT
For those donors who are already giving you need to make sure that you are able to hold on to them (and try to inspire them to give more) by keeping them happy and feeling that they are appreciated and cared for (This is sometimes referred to as 'Retention' in the fundraising world).

Once you have developed contact with a few well connected people you could consider forming a steering group who would then be in charge of pulling in more well connected/rich individuals. This is a perfect way of keeping your existing supporters engaged.

It is also important to keep a record of your engagements with your donors/potential donors.

Step 6 – 'ASK'

We have talked earlier in this guide about money not being the only thing that you might be looking for from a potential major donor. However if it is money you are seeking then there are various things to consider. The have been laid out below. Many of the principals can also be applied to asking for other things such as fundraising on your organisation's behalf or championing your organisation.

Asking for money can be very scary. The best way to get over the anguish of asking is to be prepared and practice as much as you can.
Prepare the 'Ask":

- Know the story you are going to tell or the picture you are going to paint[12] when you 'Ask' for the money
- Put the donor at the centre of what you are going to say, think about the part of the story they will find most appealing and emphasise that
- Decide on something tangible that you can ask for and think carefully how you present it to them *(see key point below)*
- Revise the most frequently asked questions with colleagues
- Think how you can involve board member, volunteers or beneficiaries in the 'Ask'
- Make sure you have a menu of things in decreasing order that they can give so that if they say no to the first thing you ask for you have a back up
- Think about the win-win situation to ensure both parties benefit in some way
- When the potential donor asks questions try to keep one question back so that if they say no at the final 'Ask' you have a good reason to get back to them
- Think about having another current donor there to discuss their experience and inspiration for giving

KEY POINT:
When you are thinking about what to ask for it needs to be something tangible and defined. It often helps if it is something that wouldn't be funded any other way i.e. without their support it wouldn't happen. For example it could be a building, some equipment, an extra staff member that will mean you can answer all the helpline calls rather than letting them go on to answer machine etc.

<u>How to make the Ask</u>
There are various different ways that you can make the 'Ask'. Some people like to have a script prepared in advance although it is better not to stick to it rigidly. The more relaxed and natural you are the more likely the potential donor will feel relaxed to give. For an example of a solicitation script please **see Solicitation Script (Appendix 5).**

<u>Who to make the 'Ask'</u>
It may also not be you that has to make the final 'Ask'. It is important to choose the right person carefully.

It could be:
- Existing Major Donors
- Beneficiaries
- CEO
- Trustees
- Senior volunteers/supporters

It is sometimes thought that someone who has the same social/economic status as the potential donor is the most appropriate person to 'Ask',. This is sometimes referred to as peer to peer fundraising. However this does not always apply and the best person to make the 'Ask' needs to be decided on a case by case basis. There are no hard and fast rules.

[12] By creating a picture in a persons mind through a description or a story it can help a person relate better to what you are talking about

It is also widely accepted that it is much easier when the person that makes the 'Ask' has given themselves. This is a good reason to encourage your own trustees to donate something. Even if it is minimal it puts them in a stronger position when making the 'Ask'.

Sometimes more than one person will go to the final meeting. In this case you should think carefully about who should speak about what.

Preparing for the obstacles

The process is very rarely smooth so be prepared to find yourself facing obstacles.

Possible obstacles and responses

- **Prospect puts a time limit on the meeting** – confirm how long you think you will need with them and if they don't feel they can spare that time at this meeting suggest another time
- **Prospect offers a gift that is too small** – Possible response: "Do you think you could give us this amount each year?" You might want to accept this gift and take it as the first. You could also say: "I'd feel wrong about taking this gift now. Can we wait until I've told you more?"
- **Prospect is a non talker or silent** – ask open questions, try to ask for more information
- **Prospect is aggressive or talkative** – listen to them, be gentle how you talk with them
- **Prospect says 'I have to talk to my partner'** – S/he could be stalling for time – You could say: "Is there more information I can give you?" You could also ask to meet the partner: "When could we get together with your partner and anyone else in the family that would be interested?"
- **Prospect says 'That's a lot of money'** – This could be a lot of money for them. "It sounds like you're wondering why we need this much for this project." Try to find out where the difficulty is. Reaffirm why you'd need that much. Ask them what part of the project they would like to be part of.
- **Prospect says 'We're overcommitted'** – Empathise: "It sounds like you really would like to support us but are committed right now. When might you be able to give in the future?"
- **Prospect says 'We don't believe in giving to operating costs'**- Possible response: "Would you like to see the impact your gift would have?"

Top tips for making the ask

- Be yourself and let your personality show
- Conversation should be two way
- Listen
- Be clear what you are asking for
- Use the magic words: would you consider..?
- Paint pictures
- Focus on benefits to beneficiaries
- Ask and then stay quiet
- Don't blurt out your own opinion

- Avoid aggression or judgement
- Practice Practice Practice makes PERFECT

Step 7: THANK

If you want to hold on to your donors and certainly if you want them to give more it is essential that you thank them in the most appropriate and timely way. It is also important that the way you thank them is consistent with the way you have thanked donors who have given a similar amount in the past.

You should consider:

- How you should do it i.e. what is the most appropriate method – phone, a visit, in writing, with a gift etc
- Who should do it i.e. member of staff, the director or chief executive, a trustee, a beneficiary etc
- What level you should do it at i.e. what have you given to people who have given similar amounts
- What considerations should be taken into account i.e. if they are particularly fond of crafts perhaps it would be most appropriate to give something that has been made by one of your beneficiaries.

If you do decide to give a gift remember that it doesn't have to cost the earth. In fact your donor may be concerned that you are wasting money if you give something they consider extravagant. This highlights once again how important it is to get to know your donors personally.

Also there is not much in terms of material goods that you can give a rich person. They are more likely to appreciate something that costs you little but has a sentimental value. Be creative and think outside the box.. For example if your beneficiaries produce things you could give something which is specially made by them for the donor which reflects their interest for example in nature or in children.

Step 8 – STEWARDSHIP

Stewardship is a term taken from the United States. In order to encourage your donors to keep giving, an organisation needs to take care of them in a way that responds to their expectations and needs. It is about putting your donors' needs at the heart of your fundraising.

Remember that it is easier and much more cost efficient to encourage current donors to give more money than to find new ones. So once you have some donors they are well worth investing in.

There has been a lot of research done in the United States on the impact of stewardship on fundraising and the likelihood of getting higher and/or repeat gifts. Research[13] has shown that:

- 80% of donors said just the promptness of a thank you made a difference to how positively they felt about an organisation
- 57% of donors said they would give a bigger gift if they were stewarded well

[13] Thanks! A guide to donor centred fundraising by Penelope Burke

- 63% of donors said they would give again because of good stewardship

How might you steward?

- Build relationships with your donors
- Survey donors from time to time about their views and preferences
- Ask what communications donors wish to receive, how often and through which medium
- Ask how often they want to be 'Ask'ed
- Focus on donors as people rather than their money
- Respond swiftly to complaints
- Provide meaningful information
- Thank promptly and personally
- Don't intrude on people
- Make sure some of the mailings in between gifts are informative only
- Offer donors appropriate means to become more meaningfully involved in your work. For example by visiting a project, meeting a beneficiary, getting involved in a petition or demonstration etc.

What resources could you use to steward?

- Reports, emails, letters, phone calls, website
- Communication from stakeholders
- Letters from patrons[14]/the Chief Executive/Trustees
- Personal messages e.g. 'I saw this and thought of you'
- Photos and case studies
- Videos
- Articles taken from the media about your work
- Organisational publications

[14] Someone that supports and champions your organisation