

Cultivating major philanthropists

I am the Director, Private Giving & Business Partnerships at the Arts Centre. I will be talking about connecting with philanthropic individuals who have the capacity to make a significant contribution to your organisation, but that will not be the most important thing that we speak of today.

The most important thing to take away from this session today is not how to ask for a major gift – but how to prepare your organisation to steward a major donor.

Before I begin, I would like to understand why you have come to this session and what you hope to gain in the next hour.

So let me ask you:

Has your organisation made an approach to a philanthropist for a major gift in the past three years (defined as a gift 10X your average annual gift)?

- 1. No, not yet and I don't know where to begin**
- 2. No, not yet but we have done the groundwork**
- 3. I'm ready to make an approach but feeling nervous**
- 4. Yes, but we were not successful**
- 5. Yes and it was thrilling! Can't wait to ask for another major gift.**
- 6. I'm a consultant and just checking you out.**

Over the past two years I have been involved in securing five gifts of over \$1M each, with the largest being \$5M. I say that – not to boast – but to reassure you that I will not waste the next 50 minutes of your life.

I am a fundraising practitioner. I work on the frontline so everything I present will be based on personal experience and real, current Australian case studies.

Let me begin by talking about connecting with and cultivating major philanthropists.

Here is my first tip....

Your cause has to matter to the donor personally.

This is true for all your donors. I know from personal experience and formal research that your donors will be individuals who, in some way have been personally affected by your cause.

When I was at the Heart Foundation our donors were almost always people who had personal experience of heart disease, either directly or through family or friends.

When I was at the Juvenile Diabetes Research Foundation our donors were almost always people who had personal experience of type 1 diabetes, either directly or through family, friends or colleagues (thanks to an excellent workplace campaign called Walk to Cure Diabetes).

At the Arts Centre all our donors are frequent visitors. They have usually been coming to the Arts Centre since we opened our doors in the 1980s and they visit frequently, as much as 20 times a year.

It doesn't matter how wealthy someone is; they need a personal reason to make a substantial gift to your cause. Occasionally, a wealthy person with a personal connection can convince another wealthy person to make a gift to your cause, but in most cases it will just be one gift (and your wealthy contact will have to make a similar-sized gift to their friend's favourite cause!).

Your challenge is to find prospects with both CAPACITY and PROPENSITY.

Examples of capacity and propensity in action include the late John Ilhan. His daughter Jaida suffered from a food allergy and he and his wife Patricia founded the Ilhan Food Allergy Foundation in 2006.

The Ilhan Food Allergy is a philanthropic foundation dedicated to promoting research and educating the public about the issues and causes surrounding anaphylaxis for Australian Children.

In 2007, the Foundation joined forces with anaphylaxiSTOP and its founder, Erica Lane, to channel even more funding into research and education.

More recently, the Ilhan Food Allergy Foundation worked with the Victorian State Government to commit an extra \$430,000 a year to expanding the allergy clinic at the Royal Children's Hospital in Melbourne. The Foundation also helped launch a program by the Victorian State Government to commit an additional \$1.5 million to train teachers and childcare workers in the area of food allergy management and the application of an EpiPen.

This is the face of major giving: passionate individuals with the financial capacity, the energy, the vision and the personal motivation to make a difference.

Here's another wonderful philanthropist.

Susan Alberti was co-founder of the Dansu building and construction group with her late husband Angelo.

Susan and Angelo's daughter Danielle was diagnosed with Type 1 diabetes at only 12 years of age. Danielle tragically passed away in 2001 at only 32 years of age in consequence of her lifelong battle with juvenile diabetes.

As a result of this personal experience Susan began her personal campaign – now of almost 30 years duration - of working to raise the public knowledge of juvenile diabetes, supporting the research teams working in this area and assisting to raise the funding to support their work.

Currently Susan is the President of the Juvenile Diabetes Research Foundation of Australia and holds numerous complementary roles attached to that appointment. Susan also is chair of the St Vincent's Institute Foundation for Medical Research, an appointment current for the last six years, during which time her fellow Foundation members and supporters have raised many millions of dollars for a wide range of medical research projects.

...And a story from the arts sector.

In December Simon Mordant and his wife Catriona pledged a gift of \$15M to the Museum of Contemporary Art in Sydney to enable the museum to proceed with its proposed \$53M redevelopment. Here's what Simon said when interviewed:

"Everything you do you have to feel strongly about. We all have bad days but you have to get up excited about what's going to happen today and the desire to make the community you live in better is exciting."

For the Mordants art is a passion and they are interested in the part in plays in creating a dynamic society. They have been involved in projects to bring art and education to disadvantaged children and are key supporters of Beyond Empathy, a charity that uses arts as an intervention process to engage disenfranchised children and create community and family ties.

Now, before anyone says but how can individuals be personally affected by causes like overseas aid or the environment, let me provide a couple more examples from different sectors...

Paul Harapin is the Managing Director of VMware Australia. His family's passion is helping children in Cambodia to have a safe environment and access to education. Why? Harapin's eldest son was adopted from Cambodia.

Kevin Skelton is Managing Director of Merrill Lynch. He supports one organisation, Fauna and Flora International. Why? He has a large property in Byron Bay that for many years he has been returning to its natural environment through bush regeneration and encouraging native wildlife.

All of these real life examples are about passion and personal motivation.

All of these examples also illustrate another vitally important aspect of securing major gifts.

Involvement.

Simon Mordant is Chairman of the MCA Foundation.

Susan Alberti is President of the Juvenile Diabetes Research Foundation of Australia.

Patricia Ilhan is a director of the Ilhan Food Allergy Foundation.

Wealthy individuals are wealthy because they are astute, forward thinking, observant and full of interesting ideas. They want to contribute much more than their money.

How flexible and responsive is your organization?

The more money a donor gives, the more involvement your donor will want to have, up to and including a seat on the board, regular strategy meetings with your Chief Executive, financial updates on the investment returns and application of their money, feedback from beneficiaries, and research and evaluation.

These donors are high-stake stakeholders and you will need to help your organization prepare for the responsibilities and requirements that are part and parcel of receiving larger gifts.

In my experience, this is often the most difficult and time consuming part of the challenge.

How many people in this room have heard their Chief Executive or Chairman say:

“We don’t want donors telling us how to spend the money”.

1. **Sadly, yes**
2. **Not said, but implied**
3. **Never, my Chairman and Chief Executive warmly encourage donor involvement.**

Major donors want to be involved and engaged. They are making a social investment in your cause. They want to contribute their ideas, energy, connections, experience, influence and commitment. In fact, it is far more likely that they will offer these things before they will make a major donation.

Do not imagine that this will be a passing interest! Major gifts usually follow on from many years of commitment to a cause and an organisation.

Let’s look at some recent examples...

In March 2009 the Australian Ballet received a \$1M gift from Melbourne businessman, Ian Hicks. Ian Hicks didn't much like ballet, but when he inherited his mother's subscription and front-row seats **15 years ago**, his wife Dorothy insisted they go along.

The Dorothy Hicks Fund will pay the principal artist’s salary during her Australian Ballet career. Ian and children Tim, Kirsty and Thomas will give the Australian Ballet \$200,000 a year for five years.

In February 2010 The Australian Ballet announced that it will name its Melbourne headquarters 'The Primrose Potter Australian Ballet Centre' to honour an extraordinary **35-year** involvement with the company by Lady Potter.

The Ian Potter Foundation has committed \$8M towards the development of the company's headquarters, education programs and other projects.

Lady Potter, a Life Governor of The Ian Potter Foundation, became formally involved with The Australian Ballet following her marriage in 1975 to Sir Ian Potter who was a founding board member of the company through The Australian Elizabethan Theatre Trust.

She has been The Australian Ballet's President of Annual Giving since 1992, a position she still holds today. She was made an Honorary Life Member in 2000.

Following the announcement Lady Potter said: "The Australian Ballet has been part of my life for over three decades."

When the Arts Centre received its largest gift of \$5M from the wonderful Miss Betty Amsden, Betty has been "walking our corridors and foyers for **25 years**".

So if your board says to you – "*quick we need a big gift*" – please feel free to use these examples. A major gift is years – sometime decades, in the making and involves donors being connected to the whole organisation.

Let's pause for a moment and review....

A major gift is usually the result of personal experience, active involvement and a long relationship.

What does that mean for you on Monday morning when you return to your desk and the relentless pressure of raising more money?

Firstly, here is something to STOP doing – stop looking for rich people! If a donor has recently gone public with a major gift then the time for asking is over. That donor has declared their interest and made their commitment. There is no faster way to end up on a donor's black list than by making an unsolicited approach in the wake of a major gift announcement.

I can tell you that Betty received a flood of unsolicited approaches following her gift to the Arts Centre. Betty was furious that those individuals and organisations thought that they could ask for money without having initiated any form of engagement or involvement when she was perceived as just "an 80 year old woman living quietly in Kew".

Here is something to START doing; start looking for your very own Bettys.

Let me tell you a little more about Betty and how to spot people like Betty who can have such a profound and wonderful impact on your organisation.

If you are from Melbourne, you may already know of Betty Amsden. If you are not from Melbourne, I hope that you attended the session on Thursday with the panel of philanthropists, including Betty.

I have known Betty for six ½ years, but she has been involved with the Arts Centre for 25 years. Betty began her relationship with the Arts Centre as a member. She was in her 60s and had just retired and was looking for some new interests. As Betty likes to remind us, for the first five years, she was ignored, despite the fact that she repeatedly "put up her hand".

She was being overlooked because the focus was on individuals with **CAPACITY** and, at that point, Betty was clearly flagging **PROPENSITY** but her name was not appearing on *BRW's Rich List*.

By the time I joined the Arts Centre in 2004, Betty had been making regular annual gifts, had indicated that she was considering leaving a bequest, and was a familiar face at the Arts Centre.

I spent the first 6-months at the Arts Centre making personal visits to our most loyal donors. Betty was one of the donors that I visited. It soon became apparent that Betty had a commitment to providing opportunities for young people to experience the performing arts, but despite being involved with the Arts Centre for more than a decade, she was not aware of the programs the Arts Centre offered in this area.

I suggested to Betty that we both go and visit an outer Melbourne school to see one of our outreach programs in action. That was the start of a wonderful, inspiring, ongoing relationship that resulted in a \$5M endowment gift to the Arts Centre – the Betty Amsden Arts Education Endowment for Children and Young People.

You will have people like Betty on your database. Find them, listen to them, encourage them to be an important part of your vision and mission, think of a thousand ways to thank them, identify their spoken (and unspoken) needs, never ever let your organization lose sight of the fact that a donation is a gracious and generous gift from an engaged and passionate individual who cares about what you and your organization want to do in the world.

Donors like Betty enrich your organization, not just because they make a financial gift, but because they care, they have wonderful ideas, they will tell others all about you and, on those days when you are feeling a little flat (and we all have those days), you can give them a call and feel re-energised.

But you have to be ready for them! The Betty's of this world expect to be engaged and involved. They are smart with their money, and they expect the same of you and your organization.

Have you identified your own Betty or Bob or Jane?

1. **Eureka. Yes!**
2. **Maybe**
3. **Nope, still nothin'**

In telling The Story of Betty, I want to reiterate that the \$5M gift was the result of a long involvement. There are no quick wins in this area of fundraising.

It is also important to know that the Arts Centre was not Betty's favourite charity. But we were the one that presented a clear vision for the future, demonstrated strong financial management skills, encouraged her active involvement at a high level and responded to her ideas when they were consistent with the Trust's mission and purpose.

As I mentioned at the very start of this talk, one of the most important things you can do is prepare your organisation to steward a major donor. Identifying prospects with capacity and propensity is the easy part of your role. The most difficult, time consuming, and sometimes frustrating part of your role is addressing issues associated with organizational readiness.

The very first thing you need to consider is what is your compelling proposition?

The answer to that question is never ever “*we need money*”. If your board and Chief Executive are telling you that the organization “needs more money”, your organization is not yet ready to receive major gifts.

If you have just received the budget projections for the next financial year, and the fundraising target equals the operating shortfall, your organization is not yet ready to receive major gifts.

If your Chairman or Chief Executive has told you that they don’t want to be involved in asking for major gifts, your organization is not yet ready to receive major gifts.

Here are just some of the things you will need to have in place before you ask for a major gift:

1. Identify why your organization wants the money and how a major gift would be transformative
2. You will need clear and transparent financial management and investment guidelines, board level agreement about the application of the funds, board level agreement about any recognition of the gift (or commitments to anonymity), agreement about the donors (or their family members’) involvement in your organization
3. You will need to identify the risks. For example, it is likely that the prospect will not continue to make their annual gifts once they have committed to a major gift. How will that affect your operating budget? Do you have other prospects who will give at a higher level to the annual appeal?
4. Identify who is best person to be involved in the approach to the prospect and begin coaching them.
5. Talk to your Chief Executive, your Board, your CFO, your program people, your PR team, your online team, your beneficiaries...everyone is going to need to be involved in recognizing and thanking the donor...Betty often tells the story of the hug she received from our of our front of house staff. Andrew is an usher with us. He saw Betty a few days after we announced her gift and introduced her to all staff. He thanked her for her gift and spontaneously gave her a hug. Betty was absolutely delighted.

Let me give you a real world example of how an organisation that had never ever received a major gift recently secured \$2M.

Environment Victoria is a leading non-government environment group. It had a bold plan but only a small pool of donors, most giving less than \$100 a year. There was, however, one longtime donor who had been involved for many years and was giving \$110,000 per year to the annual appeal. Clearly, this donor had an interest in their cause and capacity to make a significant gift.

The Chief Executive, Kelly O'Shannassy worked closely with her Chairman and board to identify a transformational opportunity for this donor. She also worked closely with her team to articulate a compelling future vision for Environment Victoria. The result was the Green Future Fund.

This was the proposition to the donor:

We will establish the Green Future Fund.

The funds generated will then be used over a 20-year period to provide planned income to Environment Victoria. It's a plan we know will help secure the environment's future and our own future.

Our goal is to raise \$6.5 million by 2015, and to grow this to \$10 million by 2020. Each year, the fund will generate \$500,000 in income to support our critical work.

The Green Future Fund will ensure we've got the resources to keep working for our environment – both today and into the next two decades. Planning ahead will give us the best chance of securing the future we all want. A future where clean energy is the only form of energy. Where we can hear frogs croaking in our local creek. And where every Victorian is living sustainably.

But most of all, it will help us mobilise all 5 million Victorians to take Green Action.

Once the board and the staff had clearly articulated their vision, agreed on the financial implications, put in place the financial management and governance, prepared for the impact on their annual fundraising and aligned their marketing materials with their future intention (including their website), the Chairman and the Chief Executive met with the donor. It was a one-hour meeting and they secured a \$2M pledge. That gift has led to further pledges.

Have you started to identify some internal issues that will need to be resolved if you organisation is going to be ready to steward a major philanthropist?

My key issue is going to be:

- 1. Identifying how a major gift would be transformative**
- 2. Transparent financial management and investment guidelines**
- 3. Board level agreement about the application of the funds**
- 4. Board level agreement about any recognition of the gift (or commitments to anonymity),**
- 5. Agreement about the donor involvement in our organization**
- 6. Identifying who is best person to be involved in the approach to the prospect**
- 7. Other stuff**

There is one final tip that I would like to share with you before you do head back to your offices.

In my experience there is one thing that you can do on Monday morning that I guarantee will significantly increase your general fundraising and your ability to secure major gifts:

Make personal contact with your donors.

This is an advantage that working in the arts has over raising money for the medical research sector (for example). I regularly see my donors in the foyers and the theatres and we often share wonderful moments as we experience the performing arts together.

However, there are many ways that you can engage with your donors face to face (and I do not mean bailing them up on the street to ask for a gift!).

When I worked at the Heart Foundation our research showed that the organisation was recognized and respected, but not loved. It was seen as arrogant and detached from the human side of heart disease. This was not surprising as our focus was on identifying and funding the best possible research and in providing best practice guidelines to health practitioners. We had been effective in reducing the number of deaths from heart disease, but we had very little contact with the families who were affected by heart disease, apart from the large annual Heart Week direct mail fundraising campaign. In my book, adding a name to the salutation of a direct mail letter might be personalization, but it is not personal!

It was determined that it was important for our staff and researchers to connect with the tens of thousands of families who supported our mission and purpose. This was actually not about fundraising; it was about the culture of the organisation, which had become too remote from its constituents.

We introduced an annual memorial service, for families who had lost someone to heart disease. Hundreds of families came to that first service. I vividly remember standing at the front of the church and reading out the names of the individuals as their families came forward to light candles in their memory. It was a powerful reminder of why we needed to continue our work. It was a real and emotional ways to connect with our purpose.

By the second year, we were holding that memorial service at St Paul's Cathedral in Melbourne and holding similar services around Australia. It was a transformational moment for the organisation.

In November 1998 I recommended the establishment of a telephone-based help line, Heart Line, staffed by dietitians and cardiac nurses. I still have the recommendation paper that was submitted to the National Board. Heartline remains one of the most important initiatives that I have championed in the course of my career.

Heartline now handles about 50,000 calls every year from concerned Australians who want to know what they can do to keep their heart in good health.

For those who have been affected by heart disease or stroke, having someone to provide advice and support is crucial. Apart from seeing a doctor, people are often unsure where else to turn for professional information.

Heartline was introduced to give people with cardiovascular disease, those with identified risk factors and those people who simply want to develop healthier lifestyles, access to vital information about heart health. You don't need to make an appointment, and apart from the cost of the call, the service is completely free.

It was also introduced to ensure that the Heart Foundation had a personal connection with its constituents.

I am passionate about making personal connections with donors. I jokingly say that fundraising is a contact sport. Every week I ask my team, how can we make the philanthropic experience more personal?

Here is a recent example.

Three months ago, we launched an online fundraising program. We receive about 80 online gifts from new donors every week. The gifts are small but one of my team members decided to call those donors to thank them, to ask them about their experience of making an online gift and to tell them a little more about how their gift will contribute to the performing arts.

Every Friday Sarah spends a few hours making those calls. It is the favourite part of her week.

A number of those donors have already made multiple gifts. All of them have been delighted to receive a call. I know in 12-months time that personal contact will have increased their gifts and their commitment.

We may ask them for further gifts online and by mail, but we will thank them in person and in making that personal connection we will start the journey that will result in a repeat gifts, larger gifts and even a major gift.

The most important and effective thing you can do on Monday to increase your fundraising is to make personal contact with your donors.

In your career, you will be doing very well if you secure a handful of million dollar plus gifts. However, every day you can actively encourage your supporters to make larger gifts and every day you can encourage someone to make their first gift.

So a final story from the frontline about the satisfaction of engaging with donors and finding a meaningful way for them to contribute to your vision and purpose.

I know a lovely couple who initially made a gift of \$300 in 1997. I met them at a function and it was clear that they were passionate about the performing arts and were very excited about some of our education programs, and they wanted to do more but that "more" could not just be bigger gifts; they did not have the capacity.

They did, however, have a beautiful home and an interest in entertaining. So we asked them to host a number of paid events for our members in their home. Here was a win-win-win-win.

Our members' love the events, our donors enjoy hosting, they feel very involved with us and their annual contribution is now \$10,000 and they have made a significant bequest.

Fundraising is personal. Stewarding a major gift is very personal.

I would like to finish today by acknowledging the wonderful donors that I work with every day. They provided the information and the inspiration for this presentation. I am grateful to them for being generous with their time, their knowledge and their money. It is privilege to know them.

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