

Major Gifts – The Essentials

Evelyn Mason

Room 216

Saturday 26th February

9.30am – 10.30am

Learning Objectives

- Case for Support
- What is a major gift?
- Donor Pyramid
- Pareto's principle
- Prospects
- Research
- L-A-I Principle
- Gift Chart
- Resources
- ROI and costs
- Australia's wealth
- Donor Development
- Role of the Major Gifts Officer

Does your organisation have all the money it needs?

- Yes – go home!
- No – what do you need the money for?
- Who will benefit from additional income?
- How much do you need?

- CASE FOR SUPPORT

- Donors don't give to institutions. They invest in ideas and people in whom they believe.
G.T. Smith

- In good times and bad, we know that people give because you meet needs, not because you have needs.
Kay Sprinkel Grace

What is a Major Gift?

Depends...but...

...it will make a substantial impact upon the income generated by your organisation.

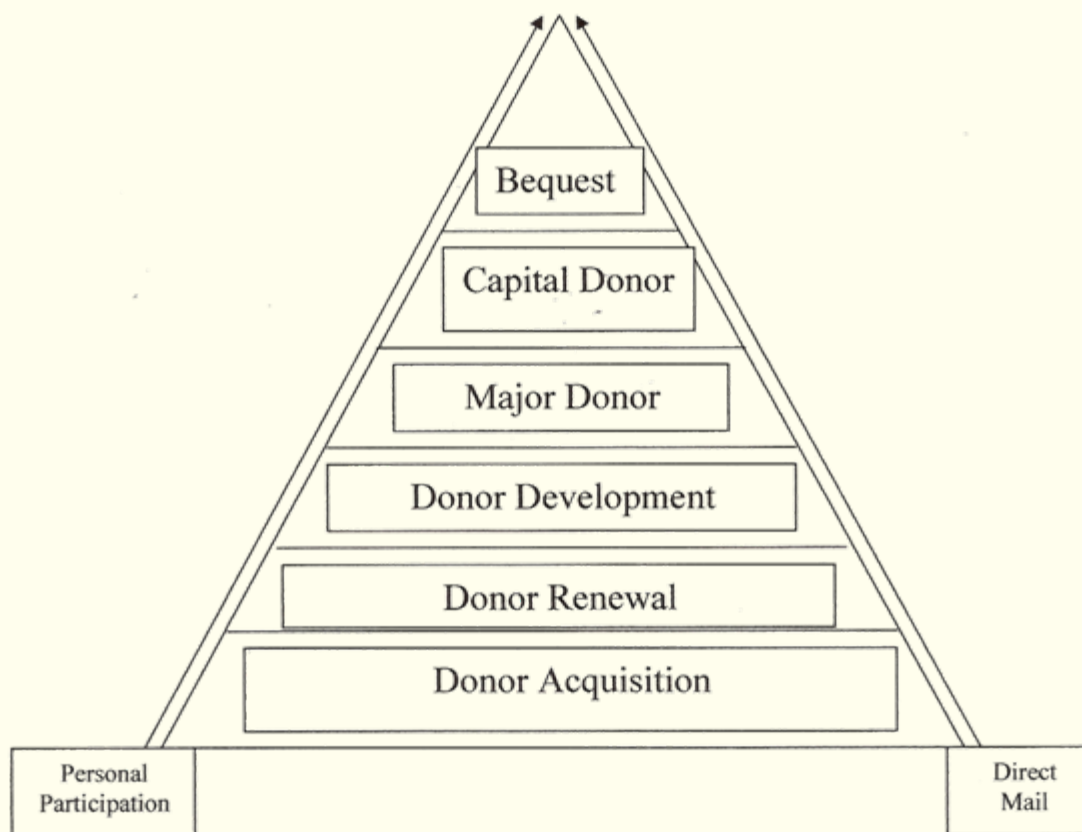
A Major gift generally has four characteristics:

1. Relatively large in value
2. Evolves over time
3. Solicited face-to-face
4. Paid immediately or pledged and paid over time

Where does a Major Gifts Program fit in the Donor Pyramid?

?

DONOR PYRAMID



Are major gifts important?

Where does your fundraising income come from?

Vilfredo Pareto

(1848-1923)

1906 - observed that twenty percent of the Italian people owned eighty percent of their country's accumulated wealth

Expressed in a management context, 20% of a person's effort generates 80% of the person's results.

The 80:20 Rule

In a fundraising text this refers to the fact that 80% of the money comes from 20% of the donors.

Pareto principle

- 20:80 rule
- 20% of your donors will give you 80% of your income
- But now it is more like
10%:90%

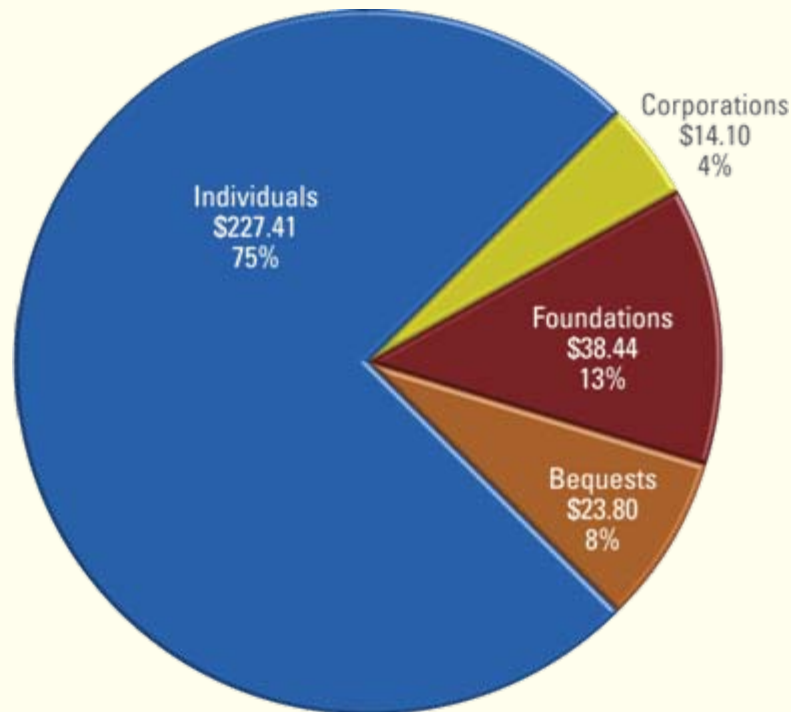
Who will you ask for a major gift?

- **Individuals**
- **Corporations**
- **Trusts and Foundations**

2009 charitable giving in USA

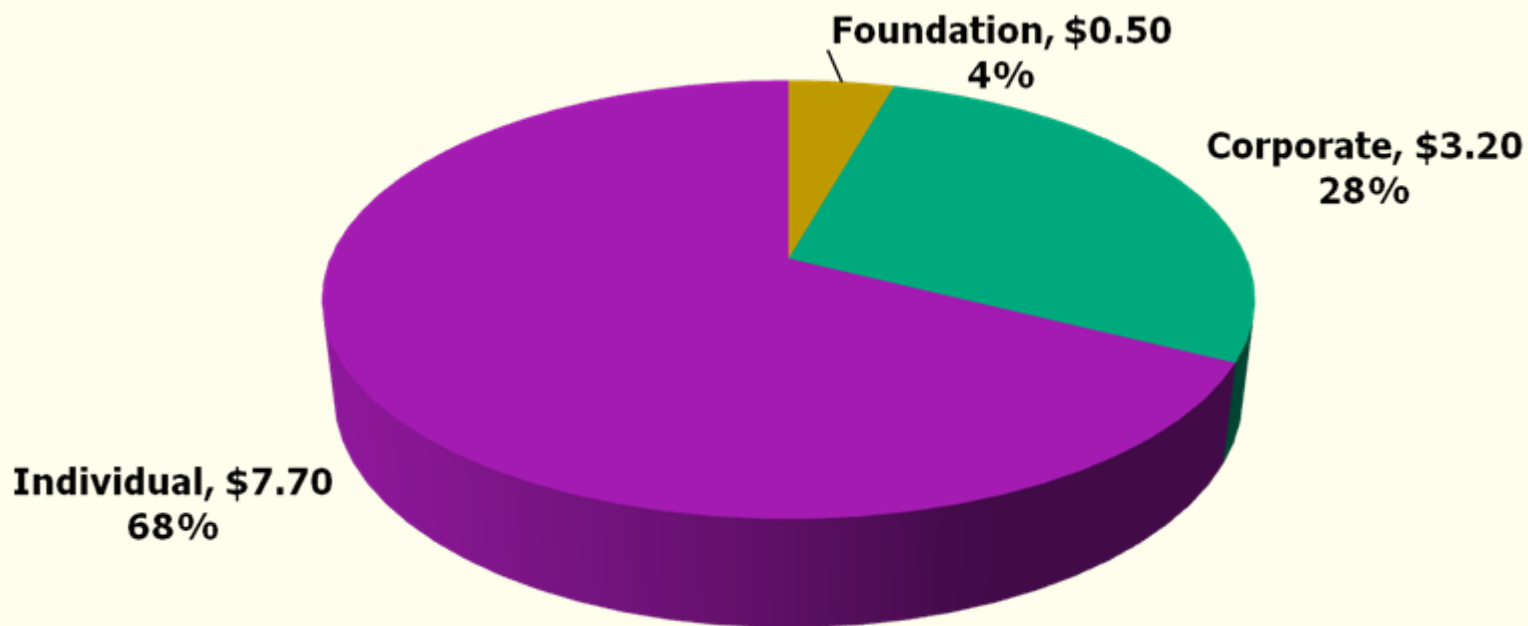
Total = \$303.75 billion

(\$ in billions – All figures are rounded)



Source Giving USA 2009

2005 Contributions - Australia: \$11.4 Billion By Source of Contributions



Source: Giving in Australia report 2005:
A Philanthropy Australia Fact Sheet

Where do you begin?

The first step in the major gift process is identifying those donors and friends who are your best current prospects for major giving.

Statistically speaking...

3% to 5% of your database have the potential to make a major gift.

Where to start?

Analysis your data base



Professional Researchers

Charlotte Grimshaw - Fundraising Research

www.fundraisingresearch.com.au

Louise Parkin – Saints Information

www.saintsinformation.co.nz/resources
research@globalphilanthropic.com

In-house Research

Ongoing – never ends!



Who is already giving you \$1,000 without a personal ask?

What do you know about these people?

What cultivation have you undertaken?

Do you know what they really think about you?

Using your networks

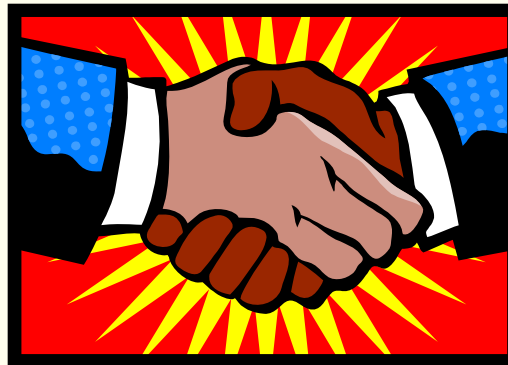
Who can you get to - using current networks?

L – A – I Principle

Link



Ability



Interest



Sorting through names

Name	Link	Ability \$	Interest	Who nominated them?

Friend Raising Vs Fundraising

- Initially a lot of work must be done to build relationships and friendships
- This costs money
- Everyone must be involved.

Basic Truth: You don't decide today to raise money and then ask for it tomorrow. It takes time, patience, and planning to raise money.

It takes time to develop a program and its leadership.

With each prospective major donor the chances are you will get only one chance to present your case.

Be prepared.

If you present a poorly prepared case, you will be told no.

Basic Truth: Prospects and donors are not cash crops waiting to be harvested; treat them as you would customers in a business.

Prospects and donors have to be courted as you would court a customer.

They must be told how important they are, treated with courtesy and respect, and if you expect to do business with them again, thanked.

Income Budget based on 20% of total

GIFT CHART FOR A TYPICAL \$500,000 MAJOR GIFTS CAMPAIGN

Number of Gifts	Gift Level	Number of Prospects	Cumulative Number of Prospects	Total at This Level	Cumulative Total
1	\$100,000+	4	4	\$100,000	\$100,000
2	50,000-99,000	8	12	100,000+	200,000+
5	25,000-49,000	20	32	125,000+	325,000+
8	10,000-24,000	32	64	80,000+	405,000+
10	\$1,000-9,000	40	104	10,000+	415,000+
Many	< 1,000	Many	200+	85,000	500,000

FIGURE 3.1

Campaign Pyramid Showing Prospects



Note: Each block represents one gift. Because each secured gift typically requires four prospects, you will need four prospects in each block. Then as gifts are secured, fill in each block with the amount on Worksheet 3.1b.

How much time can you afford to spend on your Major Gift program?

depends on:

- Resources – staff, finances, volunteers
- Level of organisational support – board, senior management, staff
- Organisational policy

Major Gifts

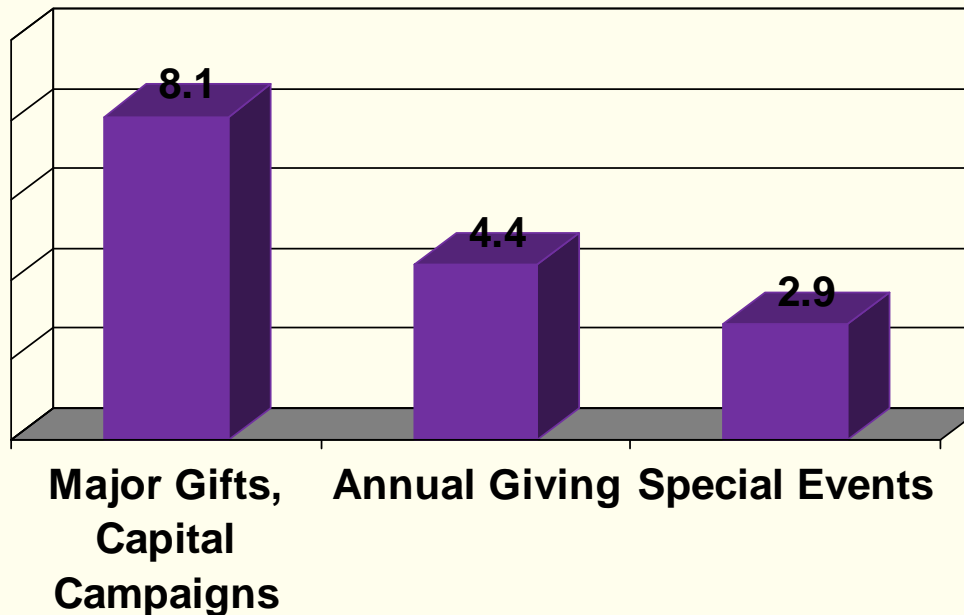
- and Leadership

...without them don't start!

Is it cost effective to establish a Major Gifts program?

Yes or No?

Not All Fundraising Activities Equally Productive - USA



Source: AHP Report on Giving

Reasonable costs to raise \$1

- Acquisition \$1.50
- Renewal (2nd gift) \$0.25
- Special Events \$0.75
- Key Gift \$0.15
- Bequests \$0.15
- Corp./Foundations \$0.20

What about competition?

Are there enough HNWI to go around?

Australia's Wealth

BRW Rich 200 – Edition 27 May – June 30, 2010

Year	Total Wealth for the 200 richest
2008	\$139.6 billion
2009	\$110.03 billion
2010	\$135.84 billion

Minimum entry level was \$185 million

Merrill Lynch and Capgemini Reports

- Despite Australia's relatively small population, its number of millionaires reached 173,600 in 2009. (2009)
- The rate at which Australians are joining the millionaire group is one of the fastest in the world. (2004)
- The wealthiest Australians' average assets are worth US\$4.1m, nudging the world's average of US\$4.8m. (2004)
- With this, the level of private giving in Australia has grown substantially in the past decade (a pattern also seen in the US, Canada and the UK). (2004)

Source: (Merrill Lynch and Capgemini; ACOSS 2005; Hall 2006005)

HNWI – defined as having investible assets of \$US1m or more, excluding primary residence, collectibles, consumables and consumer durables.

Growth of High Net Worth Individuals in Australia

Year	Number	% + or -
2004	134,000	
2005	146,000	109%
2006	161,000	110%
2007	169,000	105%
2008	129,000	-23.4 %
2009	173,600	34.4%

World Wealth Reports and Asia Pacific Wealth Reports from - Capgemini & Merrill Lynch

Poor Givers

- **The bad news** for nonprofit organisations is that cash giving by the affluent, in general, is low in Australia. Over 1/3rd of Australians with \$1+ million incomes **did not claim** for *any* tax deductible giving in 2004.
- **The good news** is that this represents an opportunity for the nonprofit sector to encourage more of the affluent to give, and to give generously to community causes.

How do we get there?

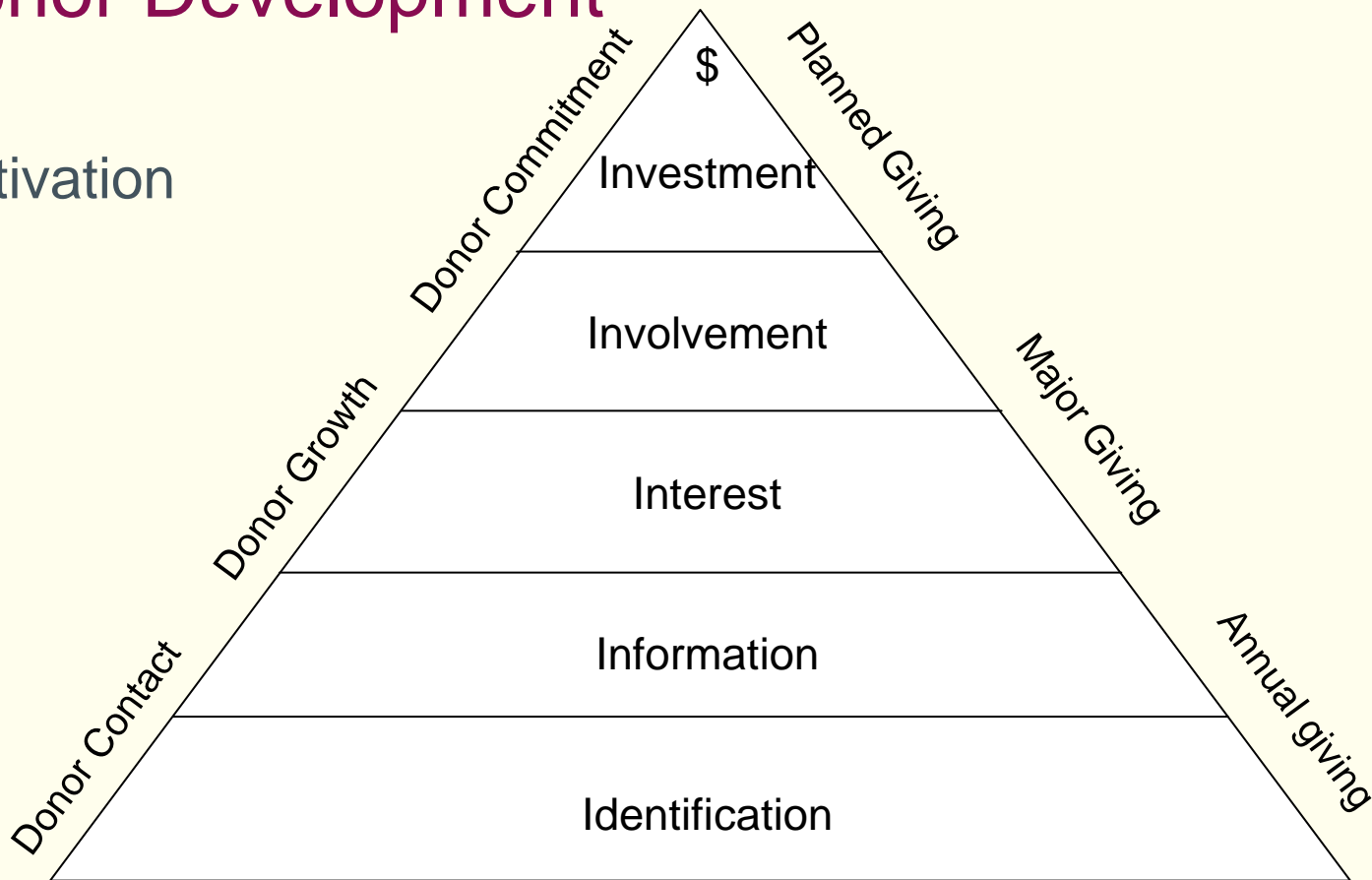
Understand motivations for giving

and

Establish relationships so that you can build up your major gift program

Donor Development

Cultivation



Are you ready?

- Do you have a compelling case for support?
- Do you have a good list of prospects?
- Is your leadership team ready?
- Do you have sufficient resources?

The role of the Major Gifts Officer:



When courage, genius, and generosity hold hands,
all things are possible.

Questions?

*Evelyn
Mason*
& ASSOCIATES

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