OXFORD CENTRE FOR HINDU STUDIES

OCHS Fund Development Manual 2007

The technique of soliciting funds
The motivations of charitable giving
The fund-raising cycle
The donor pyramid
Prospect research
Major gift fund raising

Foreword

By Alfred B. Ford

Thank you for sharing in the responsibility of bringing the Oxford Centre for Hindu Studies' constituency closer to its philanthropic potential. This Manual outlines the basis of the OCHS approach to fund development.

The OCHS is addressing the challenges of the modern world through academic study, discussion, and presentation of Hindu teachings, culture, and philosophy.

Fund development is more than simply asking someone for a donation. It is about developing relationships through communication, identifying shared goals, and making plans to meet the needs of society. It is about creating opportunities for people to get involved, to make their mark, and happily give their hard earned pounds and dollars to support a cause in which they believe.

This manual is designed to give you the insight, understanding and support you require to develop, maintain, and grow the funding resource of the OCHS. By following the principles and techniques described herein you will be able to create many new donors, identify major prospects, and secure higher giving levels overall.

Successful implementation of the OCHS Fund Development Strategy requires attention and effort from all parties involved. The goals are high but the rewards great.

The technique of soliciting funds

The following, by John D. Rockefeller, Jr, is now a classic statement; reprinted and used by hundreds of institutions conducting fund raising programs;

Perhaps the best way to acquire a knowledge of fund raising is to ask ourselves the question, ‘How would I like to be approached for a gift?’ The answer, if carefully thought out, may be relied upon as a pretty safe guide to the task of soliciting.

I have been brought up to believe, and the conviction only grows on me, that giving ought to be entered into in just the same careful way as investing – that giving is investing, and it should be tested by the same intelligent standards.

Whether we expect dividends in dollars or in human betterment, we need to be sure that the gift or the investment is a wise one and, therefore, we should know all about it. By the same token, if we are going to other people to interest them in giving to a particular enterprise, we must be able to give them adequate information in regard to it, such information as we would want were we considering a gift.

First of all, then, a solicitor must be well informed in regard to the salient facts about the enterprise for which he is soliciting. Just what is its significance, its importance? How sound is the organisation back of it, how well organised? How great is the need? An accurate knowledge of these and similar facts is necessary in order that the solicitor may be able to speak with conviction.

It is a great help to know something about the person whom you are approaching. You cannot deal successfully with all people in the same way.

Therefore, it is desirable to find out something about the person you are going to – what are his interests, whether you have any friends in common, whether he gave last year, if so how much he gave, what he might be able to give this year, etc. Information such as that puts you more closely in touch with him and makes the approach easier.

Again, one always 'likes to know what other people are giving'. That may be an irrelevant question, but it is a human question. If I am asked for a contribution, naturally and properly I am influenced in deciding how much I should give by what others are doing.

Another suggestion I like to have made to me by a solicitor is how much it is hoped I will give. Of course, such a suggestion can be made in a way that might be most annoying. I do not like to have anyone tell me what is my duty to give. There is just one man who is going to decide that question – who has the responsibility of deciding it – and that is myself. But I do like a man to say to me, 'We are trying to raise $4,000,000 and are hoping you may be desirous of giving blank dollars. If you see your way clear to do so, it will be an enormous help and encouragement. You may have it in your mind to give more; if so, we shall be glad. On the other hand, you may feel you cannot give as much, in view of other responsibilities. If that is the case, we shall understand. Whatever you give after thinking the matter over carefully in the light of the need, your other obligations, and your desire to do your full share as a citizen, will be gratefully received and deeply appreciated.' When you talk to a man like that he is glad to meet you again, and will not take the other elevator when he sees you in the corridor because you backed him to the wall and forced him to give.

Of supreme importance is to make a pleasant, friendly contact with the prospect giver. Some people have a less keen sense of their duty and responsibility than others. With them, a little urging may be helpful. But with most people a convincing presentation of the facts and the need is far more effective. When a solicitor comes to you and lays on your heart the responsibility that rests so heavily on his; when his earnestness gives convincing evidence of how seriously interested he is; when he makes it clear that he knows you are no less anxious to do your duty in the matter than he is, that you are just as conscientious, that he feels sure all you need is to realise the importance of the enterprise and the urgency of the need in order to lead you to do your full share in meeting it – he has made you his friend and has brought you to think of giving as a privilege.

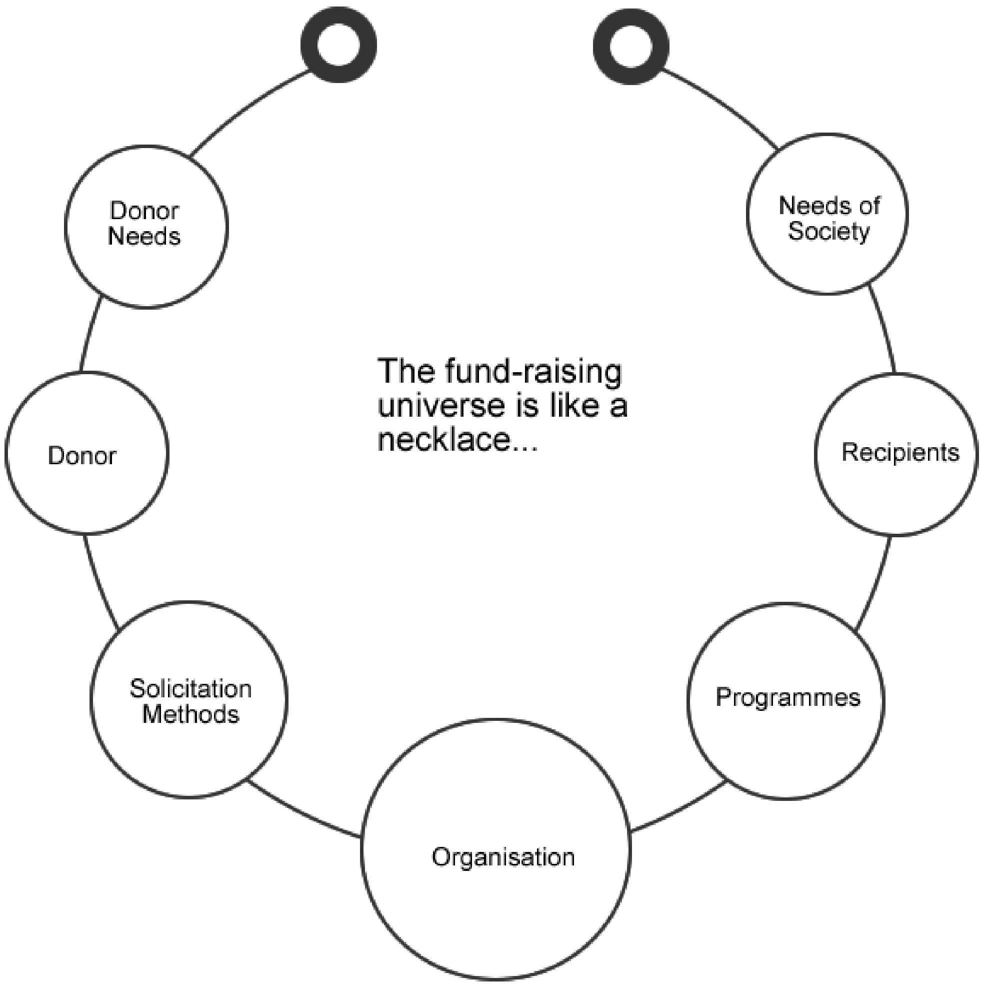
Never think you need to apologise for asking someone to give to a worthy object any more than as though you were giving him an opportunity to participate in a high-grade investment. The duty of giving is as much his as is the duty of asking yours. Whether or not he should give to that particular enterprise, and if so, how much, it is for him alone to decide.

To recapitulate, then, briefly, know your subject: Be so sold on it yourself that you can convincingly present its claims in the fewest possible words. A letter may well precede an interview, but personal contact is the most effective. Know as much as you can about the man to whom you go: give him a general idea as to the contributions being made by others in his group, and suggest in a gracious and tactful way what you would be glad to have him give, leaving it entirely to him to decide what he shall give. Be kindly and considerate. Thus will you get closest to a man's heart and his pocketbook.

The motivations of charitable giving

The necklace theory of charitable giving – How to approach donors

Most organisations look at charitable giving the wrong way. This leads them to approach donors incorrectly. Here's the typical view of an organisation's fund-raising universe.



In this ordinary view the emphasis is on the central pendant of an unclasped necklace, the Organisation itself – the bricks and mortar, administrative staff, and expenses.

This leads to appeals like: 'Mr Donor, wouldn't you like to help us out of our financial difficulties?' or 'Wouldn't you like to give us money to build this new wing on the building?'

This is ineffective because it puts the emphasis on your needs, not on the needs that exist within your constituency.

Some other weak emphases;

Programmes

As is the case with 'organisation itself', emphasising your activities takes the emphasis from where it should be (the needs of your constituency) and puts it on your own needs (the money you need to run your programmes).

Recipients

If you're going to make a mistake in emphasis this is the most acceptable place to do it. When in doubt, illustrate your brochures with pictures showing the 'situation' of your recipients.

Solicitation methods

Those who over emphasise the 'techniques of fund-raising' tend to place too much faith in the law of averages. They think they'll raise enough money if they send out enough direct mail pieces or ring enough doorbells. The numbers game bears little resemblance to the real reasons donors give.

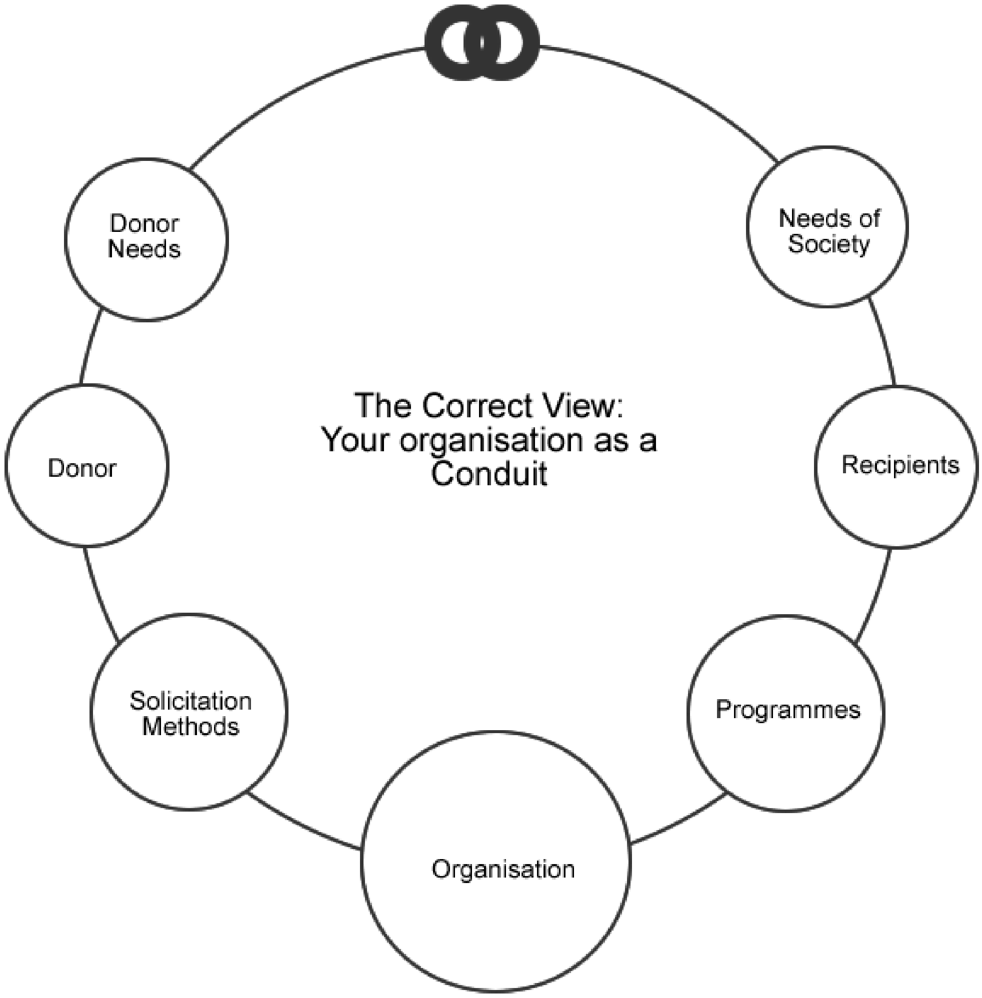
Donors

Organisations overemphasising this aspect of their fund-raising universe tend to have large research departments. Research is important but can never replace the most effective kind of appeal – that based on needs of society.

The correct view

How to approach a prospective donor.

The most effective way to appeal to a donor is illustrated by the clasped necklace.



The necklace fulfils its purpose only when it is clasped – only when donor needs and society needs are joined.

Donor needs

Donors don't contribute to the OCHS because you need money, or have a good plan for a new building, or are invaluable to your community or culture. Though these may sway a decision to give, a donor's main motivation to give is the opportunity to reinforce his self-image as a person helping to solve a problem in society.

A donor who thinks of himself as a religious person must give to his church or risk being a hypocrite. A donor who thinks of himself as an environmentalist feels much better about himself when he gives to Friends of the Earth or the Worldwide Fund for Nature.

Donors also think of their gifts as investments. They ask themselves, 'will my money be well spent'.

Your donor wants to know the return on his investment and the fact that his gift (no matter how small) will make a big difference.

Society's needs

Marketing experts know that you can't sell a product without selling the benefits of the product. In other words, appliance cleaner salesmen don't sell vacuum cleaners – they sell clean rugs.

In the same way, you market OCHS by showing your donor the benefits of the OCHS, not the OCHS itself. Don't sell the library, but your ability to meet the needs for Hindu scholarship.

The most effective appeals show a donor how OCHS will act as an effective conduit channelling his investment to the solving of societal problems. In other words, show your prospect how he can fill his needs and society's needs at the same time through his donation.

The best appeals thus sound like this: 'Mr Donor, would you like the opportunity to make a big difference in the quality of education for our children? Your investment in our work will buy textbooks that students will use for years to come.'

Roles you play

You must have the correct attitude toward fund-raising if you hope to effectively match your donor's needs and society's needs through your appeal.

Don't make the mistake of playing negative roles like: the beggar, the bill collector, the slick salesman, the boy who cried wolf, or the self-pitying flagellant.

Broker

A broker puts the needs of a buyer and seller together. He creates a situation where both parties get what they want from an exchange. That's what you do when you ask for a donation.

Wholesaler

You are giving your donors an opportunity to share in your good works at a very modest investment. Rather than 'wholesaling' good works, many organisations 'retail' their organisation with hefty mark-ups based on their growing financial problems.

Executor

An executor administers an estate on behalf of another. You are an executor for your donor's money; you make sure it gets spent as wisely and efficiently as possible, to the benefit of the greatest number.

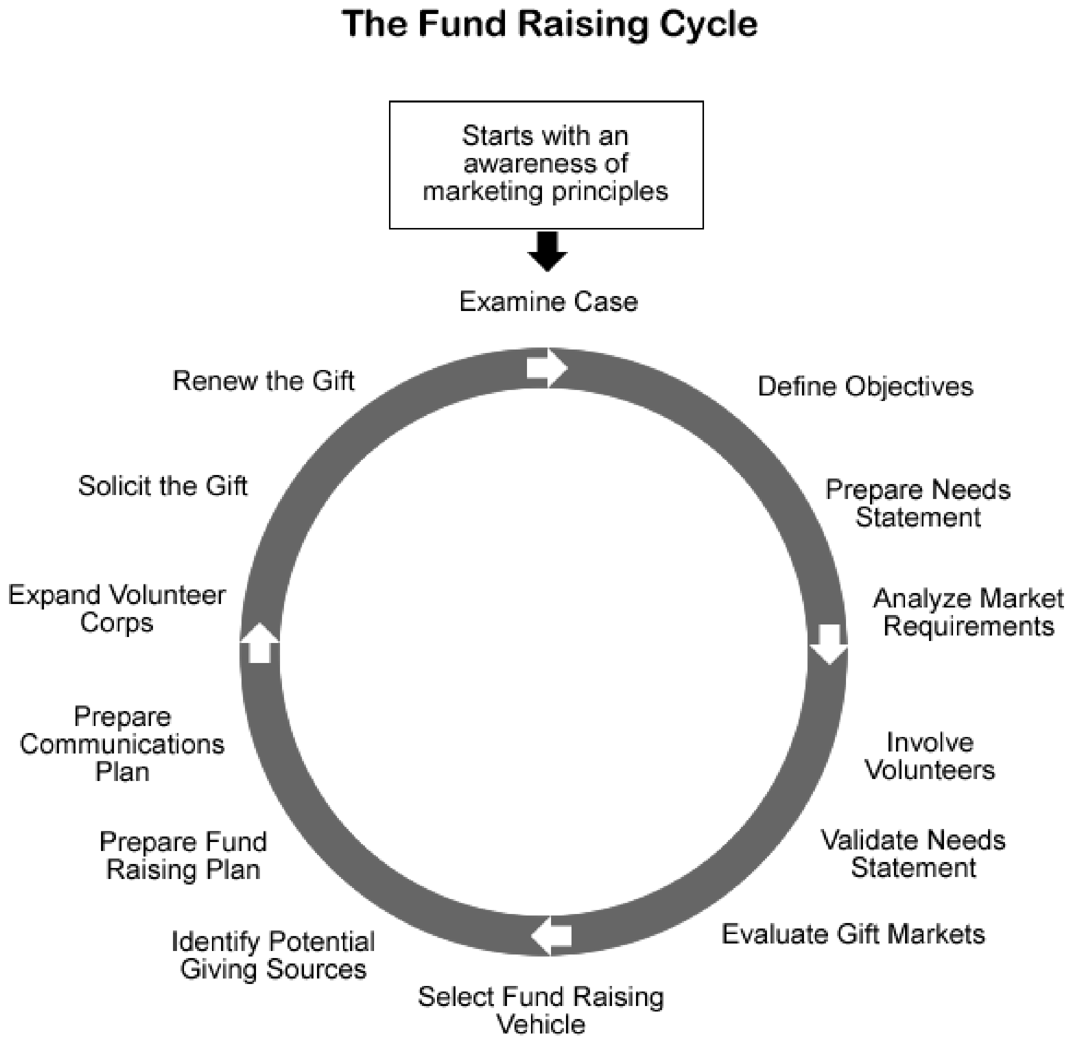
Evangelist

You are literally the 'bringer of good news'. You have a mission and you are helping your donors 'hear the good word' and join that mission.

Catalyst

As a fund-raiser, you are a catalyst – you get others excited about the prospect of helping you with your valuable and important work.

The fund-raising cycle



Fund-raising is not easy. No magic formula has ever been devised to transform a fervent, even desperate, wish into results.

There is a discipline to gift development that progresses in logical order from preparation to planning to programme execution to control. This sequence of orderliness can be referred to as the ‘cycle’ of fund-raising.

Successful non-profit organisations are as concerned about marketing techniques and their ability to prepare wise marketing plans as any profit making organisation. The non-profit – or social purpose – organisation must look critically at itself to value its worth, to examine its mission, to determine whether this statement of mission is being interpreted properly through measurable objectives and meaningful programmes and to evaluate overall impact on the market area.

The continuum or cycle can serve as an effective instrument to executives of non-profit agencies to visualise the relationships of fund-raising elements. It permits them to see the sequence to follow in moving from preparation, or definition of case, through to solicitation and annual renewal of gifts.

Fund-raising cannot be haphazard impulsive action, improvised at the last moment to respond to a crisis situation. Fund-raising is an exercise in discipline, but well organised non-profits can respond to unexpected gift opportunities.

There are checkpoints, preparation phases, and functions all along the way of the cycle.

Prepare the case statement

Every non-profit entity has come into being to respond to a human or social need. Its effectiveness in serving this cause is the organisation's case, the sum total of all the arguments why anyone should provide gift support.

The necessary first step in preparing for fund-raising is to define a case and be able to express it to any individual or group in a position to provide financial support.

Seems basic, certainly, and yet so many eager operators move out with a well-intentioned fund-raising project without taking time to prepare a case statement, to organise convincing arguments for support, or to ascertain whether or not individuals in the power centre of the organisation can express the case intelligently and convincingly.

Case statement addresses these questions.

- What is the problem or social need that is central to your organisation's concern? Why do you exist?
- What special service or programmes do you offer to respond to these human needs?
- Who should support your organisation?
- Why should any individual or agency offer gift support?
- What benefit can accrue to the contributor for such support? In other words, how can you respond to the real and serious question of 'what's in it for me?'

Define objectives

The case starts with a statement of the mission, the focus of the organisation's concern. The mission statement is expanded into a set of clear, concise and definitive objectives. The objectives must refer back to the root problem, or the need, and how this problem can be resolved through effective programmes.

The objectives must be defined in terms that can be measured, free from ambiguities and high blown phrases. They must be stated in a way to help the donor determine whether or not they can be accomplished.

Flowery phrases lack the punch of clearly stated objectives that specify why the organisation exists, what it intends to accomplish, how it will go about accomplishing these objectives, who will benefit from the accomplishment, and why anyone should contribute to see that it gets done.

Having defined objectives over a specific period establishes a natural link to programme budgeting, costing of programmes, and identification of programme needs that provide the rationale for all fund-raising activities.

Prepare a needs statement

Continuing round the cycle, the next function is the formulation of programme forms to fulfil the promises of the objectives assignment. A programme is an objective in action. Plans must be devised to express what the objective action will be for this year, for next year, and ideally for the next five years.

These programme plans, once devised, are delineated in financial needs for annual operating purposes, for capital development. These financial needs, scrutinised and validated by key voluntary leadership, should constitute the organisation's fund-raising objectives into the future.

Analyse market requirements

All of the case work and all of the programme planning in the world can be for naught if the organisation and its staff and leadership are not sensitive to what the market around it needs or wants.

A youth programme in a retirement centre would have a nostalgic value and perhaps little more, but a youth programme in a suburban community can have real purpose. Organisations that base their programmes on societal needs justify their existence and strengthen their case for continuing support.

The case must be acknowledged by a supportive constituency; the needs must be attested to by informed and responsive segments within the market area. If the market lacks knowledge of the organisation and its case, if the market is ignorant of the needs or unsupportive because is deems the need not valid, then the possibilities for effective fund-raising are minimal.

Communication lines from the organisation to its markets and back again must be kept open to permit maximum feedback. Is the case sound? Are the programmes reasonable, providing a realistic response to market needs? Are the organisation's financial needs – annual operating, capital, and endowment – reasonable ones? Are they within the market's capability to finance through gift support?

When the organisation has examined market attitudes and it can verify that responses to questions about case, needs and goals are positive, then it can move to the next steps of preparation for fund-raising.

Involve volunteers

Fund-raising is a people business. It is axiomatic that causes by themselves do not raise money: People with causes raise money. Therefore, people involvement with development of financial resources is essential in order to realise significant results.

The primary responsibility for fund-raising must rest with the organisation's board of trustees. It can be delegated to a functioning committee of the board, a fund-raising committee, or development committee, but the authority and responsibility for fund-raising belongs with the entire governing body.

Validate the needs

If key volunteers are responsible to make fund-raising work – by making their own gifts and by asking others to give – they must have a hand in examining the needs, in weighing whether or not these needs properly reflect programme requirements, and in validating these needs to a giving public.

Too often, the staff does all of the necessary work and then asks the board to stamp its approval on a needs statement that may involve expenditure or raising of considerable funds without permitting trustees sufficient time for careful study. Small wonder then, that members of the governing body, having had little or no role in preparing the needs statement give only intellectual approval to the plan and withhold their emotional commitment. Emotional commitment results directly from programme 'ownership'.

Complacent or apathetic trustees can be converted into supportive volunteer workers only through thoughtful involvement.

Evaluate gift markets

Once the needs have been determined it is important to decide how many gift markets will be approached for financial support.

Individuals, through outright gifts and through bequests, continue to represent approximately 90 percent of the total giving to the OCHS.

Not recognising this can lead to short-sighted development programmes seeking support from the most limited sources of funds – government and/or foundation grants.

Only broad spectrum fund-raising that seeks gifts from diverse sources promotes good health within the organisation, makes it more resilient to change, more aware of market requirements, more sensitive to changes within the environment, and more responsive to its services and support constituencies.

The wise fund-raiser prepares a plan by analysing the total market potential after judging gift ability within each market segment. Gift market segments are identified as individuals, corporations, foundations, retail businesses, associations, and government. Each has sub-divisions, e.g., individual alumni or friends, local, national, and European government.

Responses to the question of ability to give will help the planner to come to a decision about effective allocation of resources (budget, key volunteers, time, and energy) to cultivate and to solicit special gift markets with reasonable expectations that the effort will be productive.

Select the fund-raising vehicle

Selection of the appropriate fund-raising vehicle during the planning stages is as critical as picking the right markets.

Fund-raising vehicles are the annual fund, direct mail, benefits, project funding, gift clubs, capital campaign, planned giving, grants. Each has its own function and impact.

One purpose of sending direct mail to individuals who have little or no strong ties to the organisation is 'donor acquisition'. Once donors are acquired, the direct mail process is used by the annual fund to repeat and upgrade donations to provide a funding base and a continuing source of prospects for upper level giving.

As an organisation wants to raise annual fund support to improve programme activities and pay for overhead, it uses other annual fund techniques: personal solicitation, personal solicitation by mail, gift clubs, telethons, benefits, grant applications, or media advertising. Which of these techniques or vehicles will be more effective in each case can be determined only after thoughtful evaluation of the factors affecting each market and by testing various techniques and vehicles to improve response.

The management process of 'analyse, plan, execute, and control' is an annual exercise leading to a new annual fund plan. Analysis must involve a review of past experience. Study one year's or three year's or five year's performance records according to gift sources, fund-raising techniques, and gift purposes to identify strengths, weaknesses, and future potential. This preplanning analysis will help the fund-raiser to examine cost-benefit relationships. Furthermore, the fund-raiser can examine the effectiveness of each fund-raising vehicle in generating results from various gift markets.

Don't just rely on your own organisation's experience. Find out what organisations with successful programmes are doing, borrow ideas and adjust them to your organisation's specific environment before using. Select several ideas, test them, keep accurate records. Study results after each test. Modify where necessary to ensure positive results.

Identify potential giving sources

Potential gift candidates are within every gift market. Identification of individual resources is a refinement of the market selection process.

Each market segment and every individual source within the segment must be assessed: linkage – to your organisation or those of a similar cause; capacity – where this prospect fits in your gift range chart; presumed interest – in your organisation's mission.

The prospect's willingness to combine these three – linkage, capacity, and interest – enough to make an appropriate gift is finally realised during the solicitation process.

This important 'search and appraisal' procedure builds prospect files. Development of this indispensable resource through continuing research is a 'must' exercise for any non-profit striving for greater fund raising effectiveness.

Review of the two gift 'pyramids' demonstrate how important prospect building can be to an organisation preparing to launch a campaign for funds. In an intensive capital campaign, concentration must be on the big gift. Thus the first ten gifts that are to be sought in a capital campaign must produce 35–45 percent of the funds required by the campaign goal. The top gift, in successful efforts, is generally 10–15 percent of the total goal. The next 100 or fewer gifts must generate another 35–45 percent of the goal, and all of the remaining gifts, whatever the number, must come up with the balance (20–30 percent) of the funds required.

For every top-level gift needed for success, sufficient prospective contributors with a capacity to make the larger gift must be identified. At the upper levels of the gift chart, four or five candidates must be identified for each gift that is to be solicited successfully.

At the bottom of the gift requirements, where all the gifts will produce the final 20–30 percent of the goal, the prospect-to-gift requirement ratio is two to one.

This pyramid of giving flattens out somewhat in an annual fund campaign and the reason for this is simple: capital campaigns generally involve pledges of large gifts payable over a number of years; annual fund campaigns require an annual renewal of gifts and these gifts tend to be smaller in amounts. Thus, the top 50–60 percent of an annual fund's cash production may come from as few as 10 percent of total gifts received, with the next 15–25 percent of money received from the next 20 percent of the contributors and the balance from the final 70 percent of contributors.

A 'search and appraisal' committee, commonly called the 'prospect development' committee, comprised of knowledgeable individuals willing to cooperate with prospect research and assessment, is extremely helpful in the development of valid prospect lists.

Prepare the fund-raising plan

It must be stated and restated that fund-raising is a management process and that it must follow the rules of sound management: gather the facts, prepare the plan, follow the plan in execution, evaluate and modify where necessary.

All the functions or phases in the cycle to this point have involved analysis and fact gathering. Only after the hard questions of fund-raising are answered can the plan for fund-raising go past the draft plan stage. These questions require a review of every step described up to now.

Only after the above has been completed can the next step be taken – with care!

Prepare the communications plan

The case for support has no purpose, no value, until it is communicated in powerful form to individuals in a position to provide that support, either from their own resources or from funds under their jurisdiction.

Effective communication is not data dissemination. The production of paper, print, sound, and facts designed to convince that the cause is worthy and the gift is needed still requires involvement and effective requests.

The communications plan must be based on a reaching out, a 'becoming one-with-another', a warm involvement of people in the mission, purpose, accomplishment, and needs of the organisation. 'Understanding' is the base of people involvement because this involvement adds impact, effectiveness, and participation leading to an acceptance of, and a sharing in, the organisation's mission. This is the key objective of the communications plan.

Expand the volunteer corps

Fund-raising is a people business and people give to people with causes. The most effective fund-raising mechanism ever devised is the direct solicitation of a gift by a person who is committed to the cause, who is willing to contribute, and who wants to involve another person in that commitment.

Expansion of the organisation's volunteer corps, like prospect research, must be a continuing phenomenon, because each willing volunteer represents a force in the growing advocacy for the work being accomplished.

It is generally accepted that one effective solicitor is needed for every five solicitations to be carried out in a fund-raising effort. For example, if an organisation is planning direct solicitation of 200 gift candidates, then it must enlist a task force of 40 volunteers to see the task through. Thus, recruitment must start early and end late.

But how important is the volunteer to productive fund-raising? Consider that solicitation effectiveness diminishes as one moves down the scale from 1 to 6 in gift solicitation methods.

1. Personal visit
2. Personal letter with post paid return envelope
3. Personal telephone call
4. Impersonal letter
5. Impersonal telephone call
6. Media publicity or advertising

Volunteers convinced of the urgency of the need and the importance of the cause, volunteers who will make a gift that can be considered generous by a peer are the strongest advocacy force working for your benefit and the strongest communication link to other gift candidates.

Solicit the gift

All fund-raising preparation, all techniques, all principles and theories zero in on the critical salient: for fund-raising to be effective, someone must ask someone for some money.

In the final analysis, fund-raising requires a well-trained, enthusiastic volunteer with a goal and timetable (urgency) soliciting qualified prospects.

The best time to ask for gifts is when the organisation needs the money, and for most non-profit organisations, that's every day. Unfortunately, there always seems to be a reason why the actual solicitation can be delayed for another day. But, the most compelling reason for asking for the gift now is that the organisation needs the gift now, and tomorrow won't make the solicitation come any easier.

The wisest technique to use in soliciting gifts is to call on the person and to explain why you, the solicitor, believe the cause is worthy of support and why you are willing to contribute from your resources to assure its continuation.

Give dignity to the asking and encourage the gift candidate to share with you and others in the advancement of an important, worthwhile cause.

Renew the gift

Often the receiving of a gift is considered the end of all action. The solicitor breathes a sigh of relief that the task has been done, the organisation despatches a form ‘thank-you’ note and then returns to business as usual. The importance of renewing the gift is forgotten. The opportunity to effect a bond with a new or closer friend and advocate for the cause is overlooked.

A basic concept of fund-raising is: ask for the gift the first time so that the donor can be listed as a supporter, seek a repeat gift so that a habit of gift-making can be formed and a stronger linkage developed, then encourage larger gifts through increased understanding of, and support for, the cause.

Continuing cultivation is vital to hold the donor’s interest in the organisation. But there is a deeper obligation involved here, a trust obligation to use the contributed funds wisely and to report to the donor how they were used.

A gift is received with the tacit promise that it will be put to wise use. Proper stewardship requires periodic reports to the donor. Sound business practice endorses the procedure of accountability and disclosure.

The annual renewal of the gift, and thus an annual renewal of the donor’s attachment to the cause that is being served, does not complete the fund-raising cycle but rather moves the process back to the cycle’s point of entry ‘Examine the Case’. Just as the gift must be renewed, so must the case be renewed through regular, critical re-evaluation. Is it still responsive to the changing needs of the market?

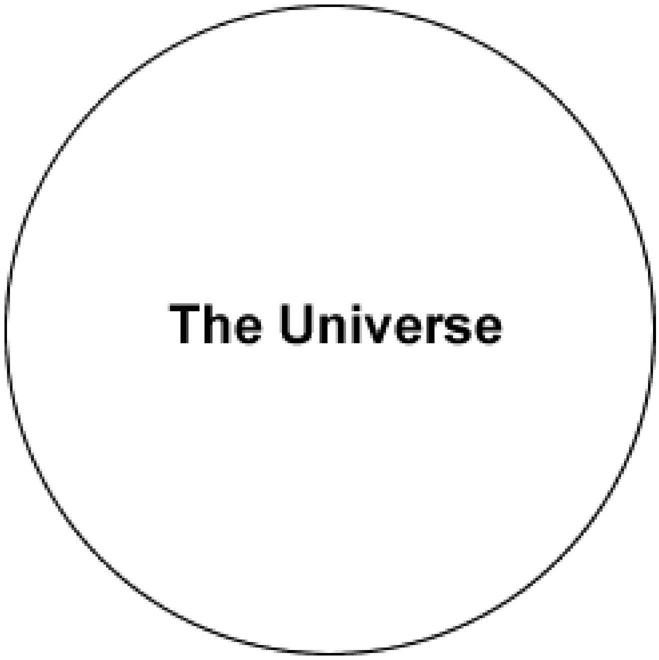
A gift cannot be taken for granted, nor can the cause remain static. Annual renewal is imperative if the case for support is to be compelling and if the gift level is to remain adequate to the need.

Thus, fund-raising is not a simple exercise nor will it ever be!

Fund-raising is the complex process of involving other people in a cause in such a way that they are inspired, compelled, directed, and supported in offering their hard earned money along with their time, intelligence, and clear-hearted advocacy for your organisation.

The donor pyramid

The universe



The graphic shows that every charitable entity has a universe of prospective donors. The charity itself can be thought to be in the centre of the universe. The perimeter of the universe is the legal or logical area from which funds can be solicited (e.g. national boundaries).

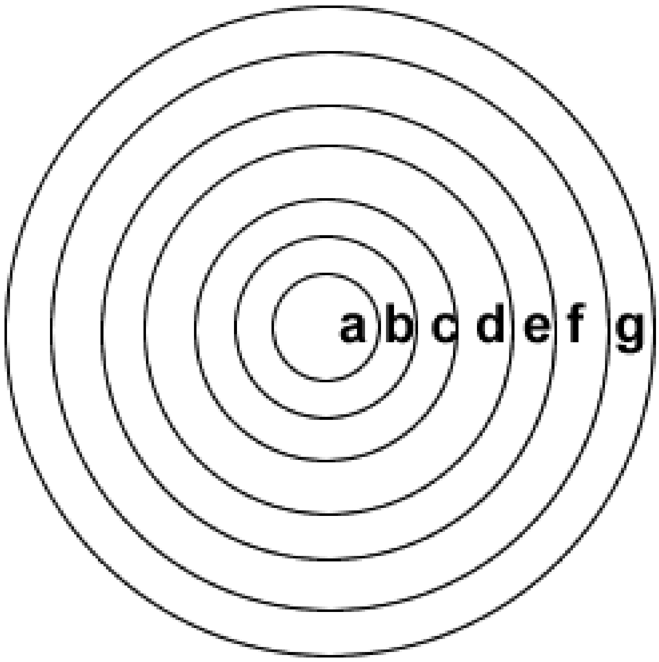
There are other types of charitable organisations that don't have a fixed legal boundary yet have a logical boundary of their constituency. For instance, a university that raises funds may have a number of individual constituencies making up its total universe. Most of these groups are related to the entity through circumstances. Therefore, the university has, as part of its constituency, its alumni, the parents of its students, its faculty, the vendors who supply the University, the merchants and families in close proximity to the University who relate to it because of its cultural offerings or the spending habits of its students and staff. There may even be some exotic facets of the universe, such as those who have been affected by research performed at the University, families and friends of those mentioned earlier, and those who attend sports activities. Beyond these constituencies, other groups, regardless of their affluence, if they have no connection with the University, are not logically within its universe.

The first gift

All people within the universe are not equal prospects. Those who are closest to the charitable organisation are better prospects for giving than those who are close to the perimeter. Those closest to the organisation are the easiest (and thus less costly) to obtain as donors and the contrary is true of those close to the edge.

Each organisation has different categories of prospects. A typical group, however, would be as follows:

a. Those who have given to the institution for reasons other than operations or budgetary purposes (e.g. a memorial donor or one who attended a special event).
b. Those who have been involved professionally with the organisation or been aided by it.
c. Families and good friends of category B.
d. Those with a history of giving to similar institutions.
e. Those who have demonstrated that they are responsive to mail or telephone solicitation for merchandise, magazines, etc.
f. Those who can be identified (according to their job, where they live, or what they own) as being able to afford to give to such an institution.
g. All others within the perimeter of the universe.

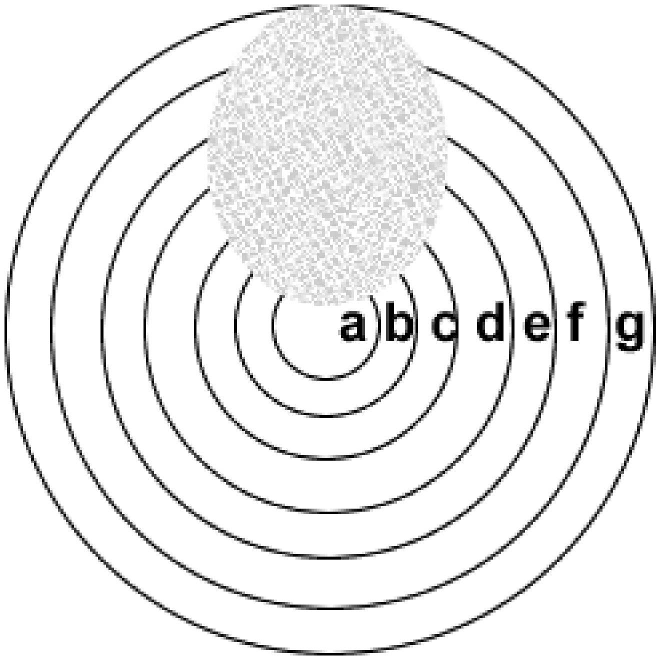


It is not necessary for an organisation to maintain the names of prospects in its universe, although it is likely that in the closer groups the names will be maintained by the organisation as a consequence of its normal activity.

Building a constituency

Part of the mission of almost every organisation is to build a structure of supporters. This goes by many names including ‘community base’, ‘support constituency’, or ‘action group’. The purposes of this constituency are many. It helps the organisation fulfil its primary purposes. It acts as a community reservoir to attract leadership. It helps in dealing with regulatory bodies. It spreads the word through the community of the existence of the charity.

This constituency is comprised of individuals who have given one or more gifts to the institution. They have made an investment into the activities of the charity. They have expressed their interest in the organisation by making a gift without receiving something tangible in return.

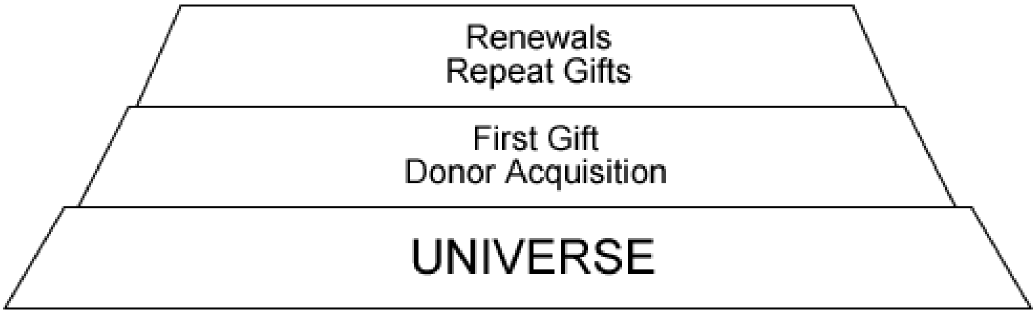


A portion of the universe is converted into a giving constituency by the process of ‘donor acquisition’. The methods used to convert a prospect to a donor are many and varied. They can incorporate a door-knocking campaign, a direct-mail membership drive, a telephone solicitation, one-time special events, but always they succeed in getting the very first gift from a non-donor to the organisation. Very seldom is this constituency building effort actually fund-raising for the simple reason that if you isolate the cost of acquiring a new donor from other fund-raising you find there are no funds left over for the charity.

Why is it so expensive to acquire a new donor? If you think of an individual’s own giving pattern you can understand why building a constituency is a costly matter. People are loyal to the charities they support. Each year they tend to give to the organisations to which they have given in the past. In the USA the average donor gives to seven or eight charitable causes. Most of the causes supported by the donor are the same because of the donor’s continuing interest and loyalty. Only one or two a year might be added to a donor’s list. Yet they are besieged by literally hundreds of appeals to give. Their very loyalty to existing causes is one of the factors that makes donor acquisition so costly and why it is seldom true fund-raising.

As a rule of thumb, it is ten times easier to renew a donor than it is to acquire a new one. That is, it costs ten times more to obtain a new donor than it does to renew an existing donor. The process of donor acquisition should be substantially different from fund-raising, because your existing donors know who you are and what you do, whereas your prospects must be educated. You know who your donors are because you maintain records, but you merely suspect who your prospects might be within your universe.

Renewal



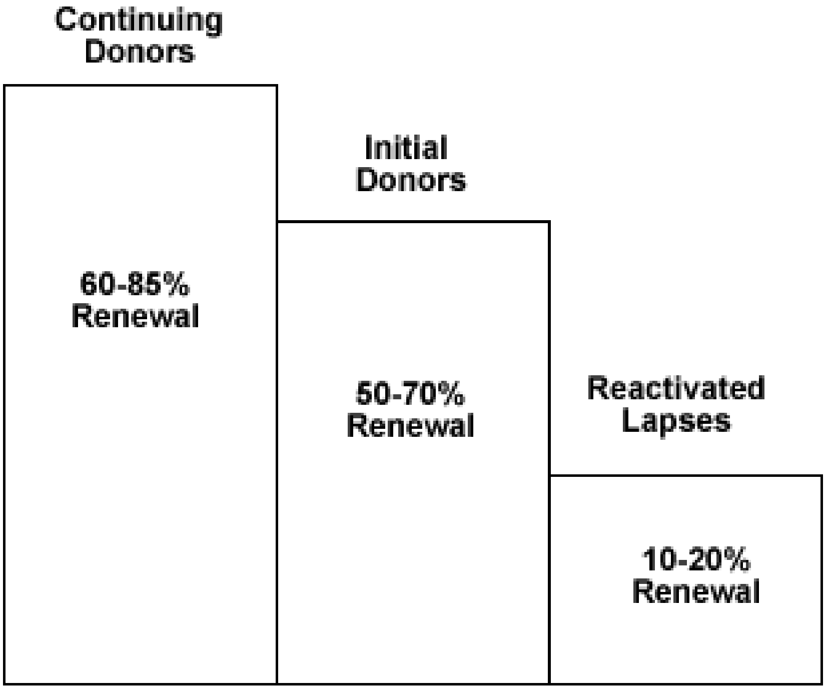
The next function of fund-raising is obtaining the second gift from the first-time donor group. The methods and timing of this activity are many and varied. A person may be asked to give each month, or his gift may be of an annual nature and he is not asked again until a year has elapsed. He may be asked by mail, by telephone, or in person. He may receive an invoice or a formal solicitation. In all events, the idea is to get the person who has given at least once to give again. Note that on the illustration this forms a small pyramid. The universe is on the bottom, the first time donors at the next level, and the repeat donors on the level above. Each level is smaller than the level below it as not all people will rise to the next level of activity.

Repeat donors

Renewal itself is really made up of three separate parts which have differing returns. The best group is the one we call Continuing Donors. These are the people who are truly loyal to the organisation and have given at least two annual gifts.

The figures on the illustration show the range of renewal percentage that should be yielded from continuing donors. Organisations that have been in fund-raising for many years have established a large loyal cadre of continuing donors whose gifts are relatively assured and who supply much of the needed annual income.

Initial donors are never as responsive as continuing donors. Initial donors are those who have made their first renewal, have given only twice. It is the solicitation process between acquisition and continual renewal. If they are not satisfied with the acquisition process, they are not satisfied after they have given. Some give for the wrong reasons so there is a lower percentage response from initial donors.



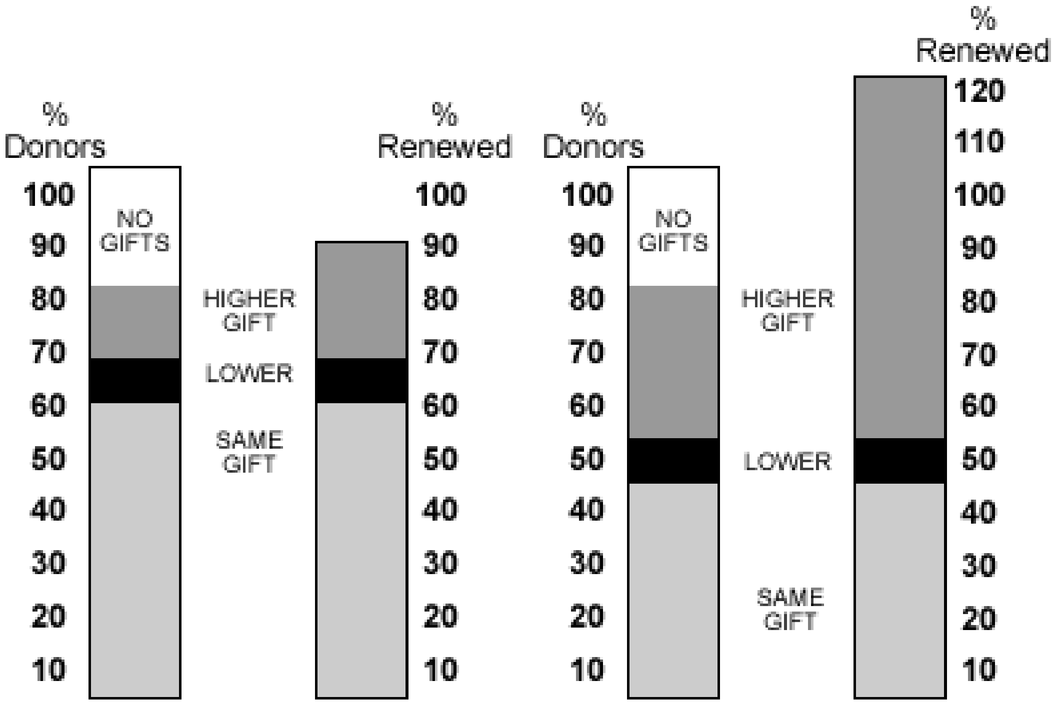
The last group is lapsed donors that we would like to re-activate. The more recently they stopped giving the higher the percentage response will be.

These three groups together make up the level of the pyramid called Repeat Donors.

Upgrading

Up to now, we might have been discussing magazine subscriptions, because the same factors of acquisition, initial renewal, continuing renewal, and lapsed reactivation are known patterns in this field. Fund-raising however has an additional dimension, the size of the gift.

Previously we have been talking about people and the percentage that renew or join each year. Now we are talking about the amount they give. Specifically we are interested in the net of increases that they give each year. Because of the inherent loyalty of donors there will be a certain amount of upgrading. This is true even if no effort is made beyond mentioning higher gift categories on the reply mechanism.

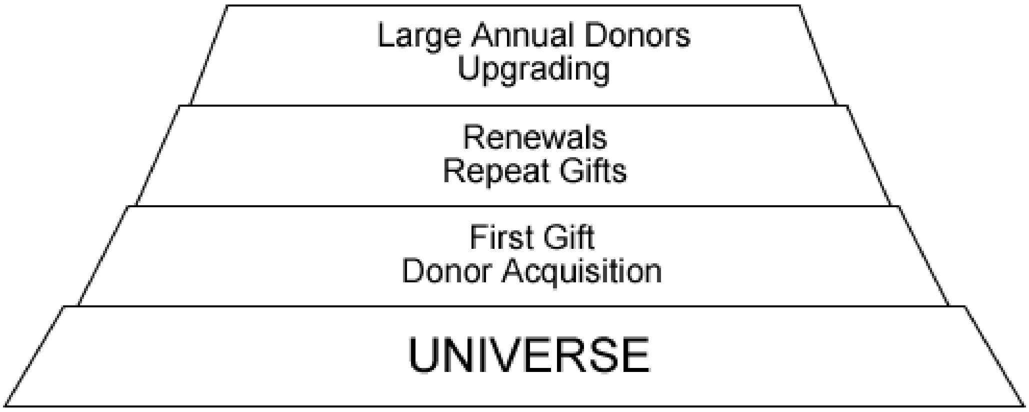


The pair of bar charts illustrates a typical automatic upgrade. A few of the donors will lower their gifts, the majority will give the same gift, some (those who do not renew) will give no gift at all and about 10% will double their last gift. After those who do not renew are deducted, the remainder shows about a 12.5% upgrade of an 80% renewal file.

A fund-raiser need not be content with automatic upgrading. He can employ upgrading techniques to raise the gift level of substantially more than 12.5% of the donors. The pair of bar charts illustrates this. A few still decrease their gift. The majority still give the same amount, an identical number do not renew, but as many as 25% of donors will contribute twice as much. After the non-donors are removed this is an upgrade of 31.5% of the remaining donors.

Gifts are upgraded through many means including the request of multiple gifts during a given year, the establishment of donor clubs, the establishment of rewards (premiums) for giving larger amounts, and the use of matching-gift techniques. The net effect is that a person who gave at one level now increases his gift to a more substantial one. Upgrading is a function of fund-raising. It is a process by which regular annual donors are converted to large annual donors. The pyramid has grown by an extra level.

The large annual donors



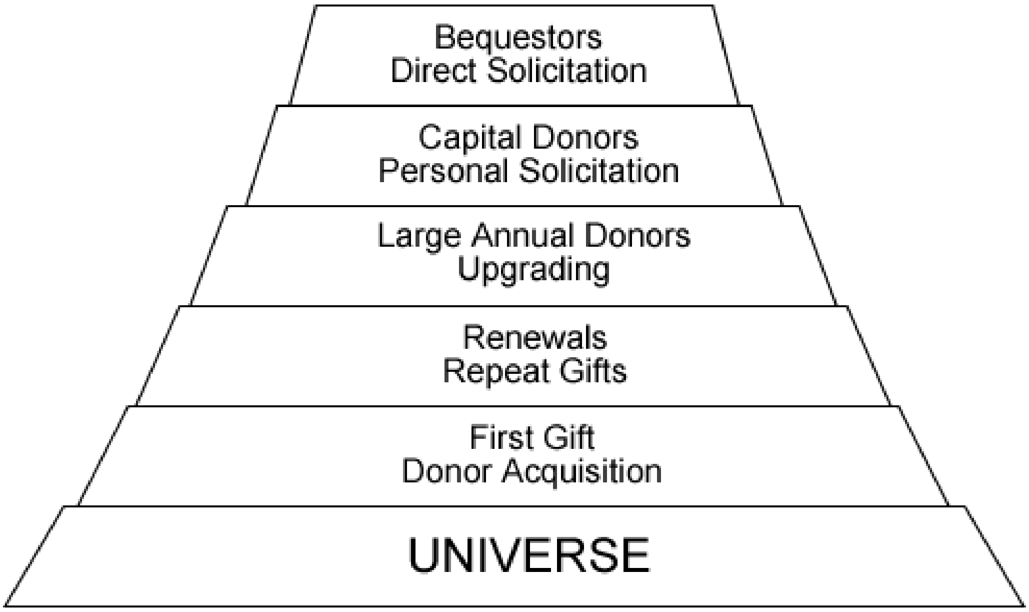
If the people in the regular donation level are giving £100 per year those in the large annual donor category are giving £10,000 per year. This group, although small in number, is responsible for a major part of the income from the annual fund. It is also this group which is the most cost effective because of the size of the individual gift. So far we have been talking about 'budget fund-raising', or as called in the USA – the annual fund.

What about the position of the special campaign? The campaign for endowment or building is usually called a Capital Campaign. This is the next level of the pyramid, as many large donors become those who give major gifts for special programmes. These gifts are often pledged and fulfilled over a several year period because of the size of the gift. Occasionally a donor from a lower level will make a capital gift. Most of the time however, people change position on the pyramid one level at a time and by far the majority of capital gifts will come from those who are presently in the large annual donor category.

The process by which capital gifts are obtained is the classic fund-raising technique of personal solicitation – one peer talking to another having already made his own pledge. It is usually developed into a campaign with a goal, a format case for fund-raising and recognition levels for those who give.

By tracking the source of donors to a capital campaign, we can see that is not an isolated function but is, indeed, another level of the donor pyramid. The amount of money obtained in a capital campaign is often substantially more than that obtained in the annual fund; the number of donors who give to a capital campaign is usually much less than those who give to the annual fund.

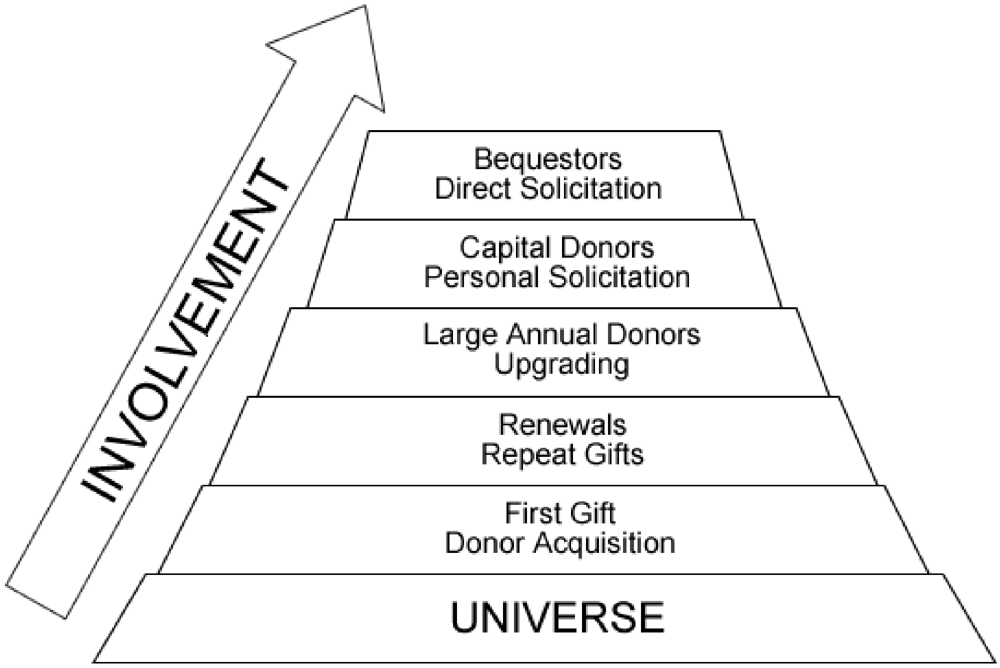
Deferred gifts



The top step of the pyramid is made up of those who give a gift that is to be received by the organisation after the death of the donor. It comes as a legacy, sometimes through gifts of annuities, insurance policies, and other technical instruments. In all cases, the gift is not received by the organisation until after the death of the donor and sometimes after the death of the donor and the spouse of the donor.

Why do we refer to this as the top of the pyramid? First, most deferred gifts are received from donors who have given major gifts in the past, either regular large annual gifts or capital gifts. Second, it is the end of climbing up the pyramid since, as the donor no longer lives, there is no further section to which he can climb in his allegiance to the organisation. It is the climax of his giving life.

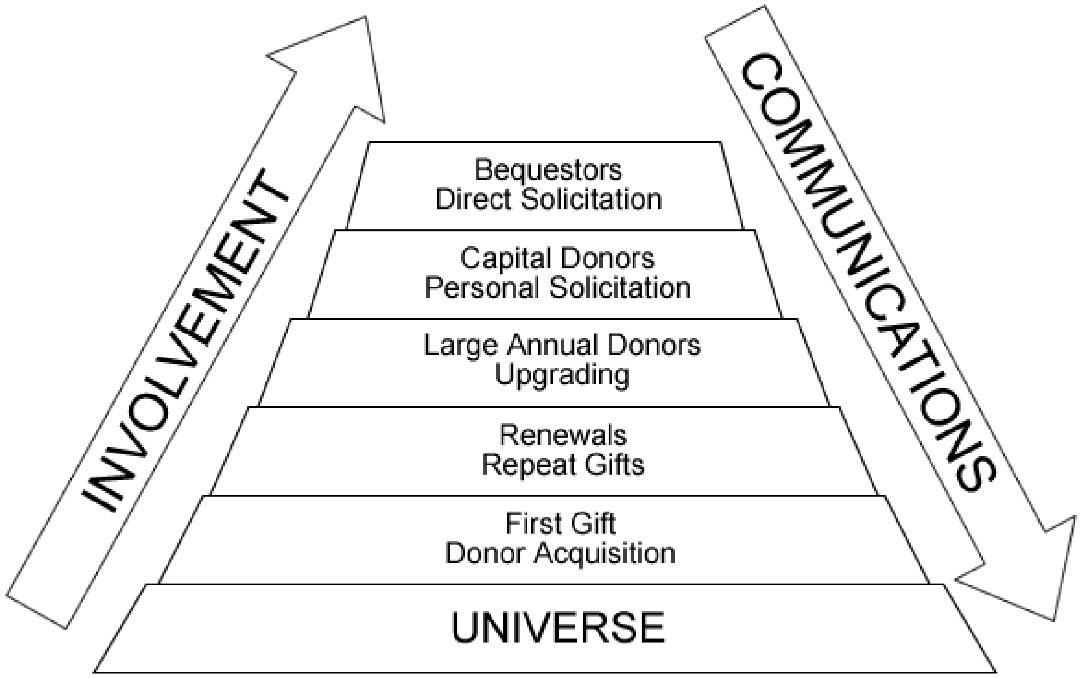
Motion up the pyramid



The pyramid illustrates how donors move in their giving relationship to an organisation. They start in the universe and end, if all goes well, as a grantor of a deferred gift. The process of obtaining a deferred gift is often a process of direct solicitation in which the fund-raiser takes an active role in contacting the donor. The more complex the instrument of giving the more necessary it is the direct contact.

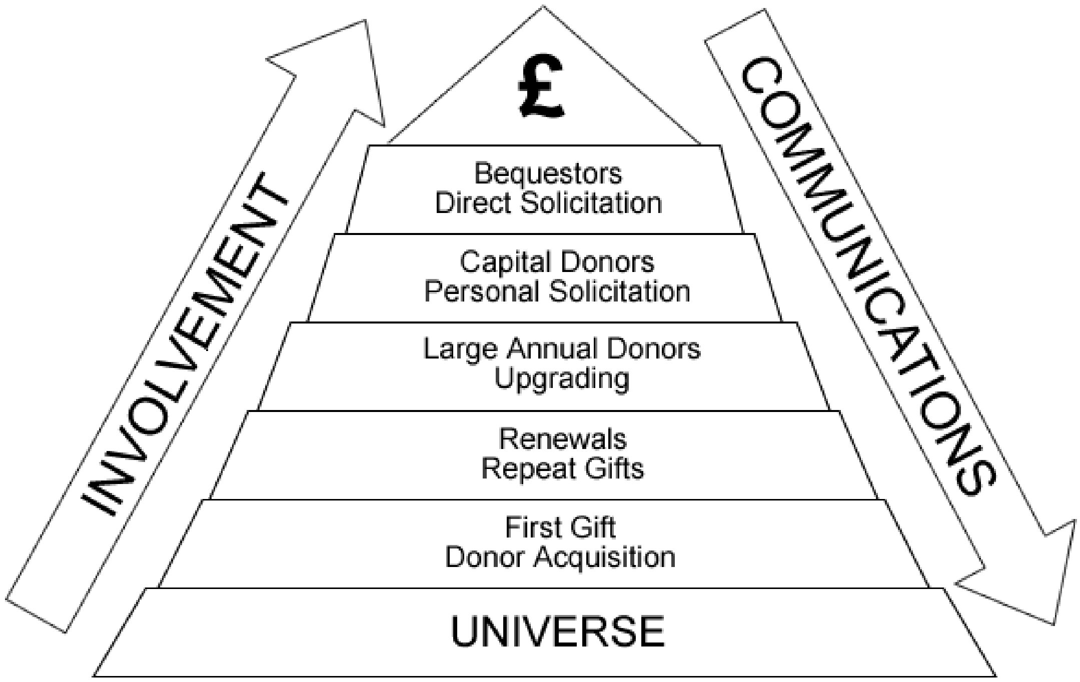
Since the pyramid refers to the relationship of the donor over time, we should examine what happens as time goes on to hasten the upward movement of the donors. There are three elements that have been identified as having a direct influence on the upward motion of donors. Long term donation is evidenced by the loyalty of the donor. That loyalty is often enhanced and improved by the involvement of that donor in the organisation. The more involved the donor is, the more likely he is to increase his giving level. 'Involvement' can be using the services of the organisation, it can be acting as a volunteer for the organisation, it can be serving on committees and boards, it can be helping and attending special events, it can be soliciting others to give. All of these are forms of involvement that strengthen the bonds of loyalty between the donor and the organisation.

Communications



Another element that helps ensure the loyalty and the upward movement of the donor is communication with that donor. Such items as newsletters, stewardship reports, magazines, papers, seminars, gatherings, and even the acknowledgment of gifts are forms of communication that help to tell the donor more about the organisation and help to ensure his loyalty.

The upward ask



The third tool is the form of communications that specifically asks the donor to move up the pyramid from one level to the next. The most successful requests are those that are addressed to the donor according to the level of the pyramid at which he is currently giving and which asks the donor to make only a single step.

This is the picture that illustrates the interrelationship of all fund-raising – the Donor Pyramid. Like all pyramids it has a base and it has an apex. The largest amounts of funds are at the top of the pyramid. People move up the pyramid in easy gradations over their lifetime, so it is necessary to increase the base of the pyramid continually in order to feed more donors and more funds to the pyramid by the extension of all levels.

Prospect research

Finding out who the potential givers are

What is research?

The systematic acquisition and recording of data about your donors and prospects which provides the basis to establish, maintain, and expand/deepen the 'exchange relationship'.

Why conduct research?

Prospect research forms the backbone of your development programme. In the art of raising friends and funds there is no substitute for taking the time to get to know your prospects before approaching them for support.

Success in developing a significant gift relationship (size and longevity) will be largely dependent on your ability to make and maintain a 'match' between the organisation's mission, goals and objectives and the donor's wheel of roles, responsibilities, and satisfactions. Research will provide you with the information to make the 'match'.

> It is a great help to know something about the person whom you are approaching. You cannot deal successfully with all people in the same way.
>
> Therefore, it is desirable to find out something about the person you are going to – what are his interests, whether you have any friends in common, whether he gave last year, if so how much he gave, what he might be able to give this year, etc. Information such as that puts you more closely in touch with him and makes the approach easier.'

The Technique of Soliciting Funds, John D. Rockefeller, Jr

Evaluation of gift potential

Some indicators of ability to give

- Record of gifts to philanthropic activities (as opposed to reputation)
- Career position
- Residences
- Salary and other income

- Real property and stock
- Recreational interests
- Social clubs and memberships
- Positions on corporate boards

Prospect identification and evaluation committee

Responsibilities

Supported by staff work to develop adequate prospects and data on prospects to achieve major gift fund raising objectives of the organisation.

Membership

Chairman (from Benefactors Council)

Five to seven men and women who know the financial resources of the community / potential donor base.

Meetings

Held regularly during initial phase of annual or special campaigns.

Wrap up meeting(s) to review results.

Major gift fund raising

Please note that major gifts fund raising should not be isolated. Efforts to secure smaller gifts are important. These gifts are not only providing cash to meet an objective but also give vivid testimony to the major donors of the significance of the objective to the rest of the constituency.

What is a 'major gift'? A major gift it is giving at a level that the donor considers to be an important share of his or her assets and which the institution or programme recognises as a major contribution towards its objectives. Actual monetary levels vary from institution to institution, programme to programme. But, the same process and procedures apply at these different levels.

The process

Most professional realise that major donors, like anyone else, are motivated by a great variety of factors. They consider elements such as; tax advantages, sense of social responsibility, sense of duty or obligation, sense of belonging, clout of the solicitor, income interests of charitable trusts, prestige, religious conviction. The list could go on and on.

Dave Dunlap, previously Director of Development at Cornell University, says that when it comes to really major gifts we are not talking about big dollars but about big lives and big people.

Webster defines motive as 'that within the individual, rather than without, which incites him to action; an idea, need, or emotion.' Therein lies the guiding light for every person seeking to motivate another to share his wealth for the advancement of your cause.

Procedure and organisation

Given the importance of major gifts and the share of cash they provide, a systematic approach to major gift development is the single most important task of any development programme.

Some years ago an early American fundraising professional called Sy Seymour, described four steps in effective fundraising:

1. Awareness
2. Interest
3. Involvement
4. Commitment

This model has been refined to the Five I's:

- Identification
- Information
- Interest
- Involvement
- Investment

Identification

Most major gifts are made by people who are closely involved with the programme. Begin by identifying your major gifts prospects from among your closest friends, beginning with the Advisory Board and working outwards. Fifty is an ample number to work with, up to a maximum of a hundred; any more and you loose track.

There are two major pitfalls in the identification process. The first is overlooking persons who have the capability and likelihood of making a major gift to your programme. This is the lesser risk. The second, much greater risk, is to identify persons as major gift prospects when they are not. Not only do you spend time and resources unproductively but you may be neglecting others who may be legitimate major gift prospects.

Fund raising constituencies have been characterised in five groups. This description applies to major gift prospects as well.

1. Those who see the need and respond without being asked.
2. Those who are responsive when simply told of the need.
3. Those who need to be persuaded but will respond.
4. Those who may or may not respond even when heavily persuaded.
5. The inert – nothing could ever get them to give.

Information

You will need to assemble basic information about your prospects in some convenient format. This usually includes:

- Home and business address and telephone numbers
- Date and place of birth
- Education
- Name of spouse
- Date of marriage (widowed or divorced)

- Names of children, their ages, and education
- Honours and achievements (book, patents, etc.)
- Civic committees, consultancies, directorships
- Interests in OCHS
- Their interests while at university
- Earnings or assets or estimates by others of their earnings and assets
- Record of giving to OCHS or similar organisation
- Past and potential involvement with OCHS

Some of this information may not be available. Some must be obtained with discretion. The process can begin with your own correspondence with the subjects. Newspaper and magazine clippings can be useful.

The financial information about the prospect is sometimes the most difficult to assemble. Some of the standard resources are:

- Statements of accounts of companies of which the subject is an officer, director, or major shareholder.
- Listing in Forbes or Fortune magazine or the Times Rich List.
- Information on charitable foundations from the IRS Filings in USA and from the Charity Commission in UK.
- The subject's own comments on his or her own assets and the comments of friends are often the best sources of information.

Interest

Creating a major-gift prospect's interest in your programme can depend on how well you know and understand the person's own interests and values.

There are a multitude of people, devices, and circumstances that help to communicate the interests and objectives of your programmes to individuals.

For OCHS some of these might be:

- Visits to the Centre
- Questionnaires
- Attendees to Hindu Studies courses
- Events like the Board of Governors annual dinner
- Special reports on the work of the OCHS
- Media coverage of the OCHS
- Lectures and seminars
- Friends who have mutual interests
- OCHS newsletter
- OCHS Annual Report
- OCHS websites
- Involvement with OCHS programmes

This list could go on and on. This part of the fund development process is a test of ingenuity and sensitivity.

Involvement

Rarely, if ever, will a person reach the stage of thinking of the OCHS in the first person – making its purposes and objectives his or her own – without involvement. It need not be formalised but it must be genuine and with some frequency. Membership on the Advisory Board, sub committees, ad hoc committees, and membership organisations also serve this function in a formalised way.

Asking for advice and opinion can serve much more personally.

Involvement should be planned and a schedule for it should be projected. It should be recorded and evaluated. To do this properly a member of the development staff with necessary background and sensitivity should be designated to oversee this function. It can easily take a major portion of a senior development officer’s time.

Since the involvement of a prospect major-gift donor will likely be with the Director, who will manage or spend the gift, the development officer who guides this involvement should have their confidence and respect. He or she should feel confident working directly with major gift prospects themselves.

The involvement must be defined thoughtfully, with a purpose. It is easy to go through the motions without accomplishing much.

Investment

Determining ‘when, how, through whom, for what amount, and for what purpose’ to ask can be critical decisions. If the interest and involvement of the prospective donor have been carefully developed, the right answers become apparent more easily. The development officer, who is responsible for major gifts, may rely heavily on the judgement of others who work more directly with the prospect. Any advice must be tempered with professional objectivity and thus be secured in a tactful way so as to leave options open to pursue other options. It’s all part of the art of friend and fund raising.

Timing is important. But more major gifts have been lost due to inaction than premature requests.

How to proceed

One of the best approaches is to make small moves or contacts with prospects and keep a track of them.

29 Ideas to help you cultivate big prospects:

1. Social gatherings
2. Ask them to volunteer
3. Hold orientation sessions to introduce them to OCHS
4. Develop a PR programme
5. Send them publicity clippings
6. Send ‘Recognition’ greetings cards (thank you cards, etc.)
7. Hold ‘perception of societal needs’ meeting
8. Talk about the achievements of students in their home area
9. Have special recognition of donors at OCHS events
10. Send speakers to address prospect’s organisation
11. Invite the prospect to a special function
12. Ask Trustees for the names of big gift prospects

13. Hold a regular Director’s Luncheon for donors and prospects
14. Hold meetings to share success stories
15. Ask prospects to join the Advisory Board
16. Keep a ‘Ten Most Wanted’ prospects file and ask ‘What can I do to get closer to them today?’
17. Ask prospects to become advocates
18. Ask them to become a member of an Advisory Committee for a specific project
19. Ask your prospects: ‘What do you think should be included in our long range plan?’ Then include it
20. Call, send reports, send invitations
21. Sponsor tours of the OCHS facilities for donor prospects
22. Sponsor tour of foreign countries for prospects
23. Feature prospects in the OCHS newsletter
24. Invite prospects to lecture or serve on a panel for the OCHS
25. Go visit the prospects in person
26. Put pictures of major donors in the lobby as contributors
27. Invite them to attend a Board of Governors meeting
28. Invite a nationally know person to speak and invite your prospects to listen
29. Invite them to preview a film about the Centre

Acknowledgements

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