Issues

Where are your Major Donors?

We are facing the most challenging fundraising conditions in a generation.

Charities are dealing with the well-reported triple whammy of rising costs, squeeze on income and increasing demand for their services.

The traditionally resilient generosity of grassroots donors is being gradually worn down by high inflation, rising interest rates and a full-blown cost of living crisis.

Your major donors are needed now more than ever.

How should you respond?

Continued overleaf

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Recent insights into household donor behaviour offer some indicators of how fundraising plans can be adjusted to respond to the new fundraising climate.

For example, Charities Aid Foundation (CAF) reports that, while fewer people are giving, those who are donate higher amounts.

This is consistent with our experience across a range of clients. The need to focus resources on relationship-based high-return fundraising – initially from your most loyal supporters – has never been more needed or more vital.

Pareto Principle: the 80/20 rule becoming 90/10

The fundraising market shifts we are experiencing heighten what we have seen over the last decade.

The Pareto Principle that informed and shaped our fundraising plans has moved from 80% of donors delivering 20% of a fundraising goal to a ratio closer to 90% to 10%. Those individuals, families and organisations with asset-based wealth have generally seen their net worth grow. There is a growing gap between the wealthiest echelons of society and the rest – including the "squeezed middle" – and fundraisers need to take this on board as they develop and shape their plans.

Focus fundraising plans and resources on where the money is

Since the Pandemic we have geared our clients' fundraising plans towards high return, relationship-based fundraising from wealthy individuals, families and, crucially, their peer networks.

If prospect listing is done well with influential donors and volunteer champions it can create warm access to other benefactors, grant makers, corporate partners and community-based organisations.

If a charity asks the right questions of its database and the generous supporters it already has, other prospective major donors can be cost-effectively uncovered from within a core base of supporters rather than relying solely on expensive and low return donor acquisition programmes.

However, this assumes that your charity has some basic building blocks in place to create and support more proactive relationship-based fundraising.

"People give to people"

A generally accepted fundraising principle is that "people give to people". However if a conducive working environment is to be created to enable relationship-based fundraising, the following success factors need to be in place:

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1 An urgent and compelling fundraising case for support: "must have, not nice to have"

In the current climate, your organisation's fundraising proposition needs to be urgent and underpinned by solid business and financial plans.

2 Leadership by example: "skin in the game"

If your Trustees and executive team are not involved in fundraising and relationship-based networking, you will find it harder to persuade high value donors and fundraising volunteer leaders to support you. Board and management time will need to be allocated to high return fundraising. Few fundraising teams can do it on their own.

3 Prospecting: mining knowledge and insight from your data

You should be able to identify and segment out a high value prospect list from your database. Coupled with in-person prospect listing techniques, you should have the starting point for your Top 20 approach list. If not, then some basic prospect listing steps need to be taken with urgency, focus and purpose.

4 Understanding and relating to major donors: being open for business

If, for whatever reason, your charity, or key individuals within it, is not comfortable around major donors and their advisors then you will find it difficult to welcome them into your organisation and build productive, long-term relationships with them. Issues can range from anxieties about dealing with wealthy people to concerns about undue benefactor influence. Any issues of this kind will need to be ironed out before you approach potential major donors.

5 Structured and proactive prospect listing: peer-to-peer networking opportunities

A gift from a major donor is just the start of high return fundraising activity. If your charity lacks knowledge of how to build on an influential donor's support through structured and proactive prospect listing to find out who else they know, you will miss out on potential networks and opportunities.

6 A joined up fundraising plan and fundraising team: no silos

If your fundraising team is rigidly organised by income stream, and there is no communication or information sharing between teams, this will create internal competition and you will miss opportunities to cross-fertilise the other major gift prospects that more collaborative team work identifies.

7 Provide a real supporter journey: fundraising support and training

Many high value donors will be busy people. Make life easier for them by offering fundraising support and asking for the money training. It is surprising how many influential supporters will enthusiastically accept the offer of fundraising training. This will improve their fundraising performance and help you to build an even closer trusted and sustainable relationship with them.

8 Meet people in person: creating productive and durable relationships

The most productive and durable relationships are formed by real, in-person meetings. Charity leaders and fundraisers who never leave their desks will not get very far. Where possible, get to know your VIP donors through in-person, face to face meetings.

9 Tell your story: be more direct

Through the Pandemic and beyond, our most successful clients have followed a 5-point approach to telling their fundraising story. They have:

1. been clear about the fact they are a charity and rely upon voluntary donations;
2. been direct about the impact of the cost of living crisis on services at a time when those services are most needed by some of the most vulnerable in our community;
3. presented urgent and attractive strategic and operational responses to meet growing, unmet need;
4. clearly and directly asked for additional funding support;
5. asked their most influential donors and loyal supporters to help open doors and make peer-to-peer approaches to other individuals, families, grant makers and corporate partners.

10 Invest in major gifts and high value fundraising

High return fundraising requires investment and, possibly, some reconfiguration of the way your fundraising is currently managed to be successful.

For example:

– Your Board of Trustees, executive team and volunteers may need training in prospect listing and asking for money techniques.

– Your database may need to be reviewed to enable better utilisation and more targeted segmentation.

– Your organisation may need a mini-review of its prospective major gift networks.

– Some of your current, low return fundraising activities may need to be dropped in favour of person-to-person fundraising techniques.

– Your approach to digital fundraising may need to be adjusted to help support high value fundraising approaches.

If you make an appropriate investment of time and money in quality, relationship-based fundraising you will see the difference in 6-12 months.

With little sign that the challenging fundraising environment will ease any time soon, more charities will need to find and nurture their prospective major donors.

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Are you major donor ready? A useful check list

The following questions provide a starting point:

- ☐ Do we have an urgent and compelling case for support?
- ☐ What evidence base do we have to prove that we can make a difference?
- ☐ Does the way we present our work, projects and programmes demonstrate impact, scale, replicability and sustainability?
- ☐ Will our business and financial plans stand up to major donor scrutiny?
- ☐ Does our charity's communications and outreach plan reflect the urgency of our fundraising need and highlight why donors should choose to support our charity themselves?
- ☐ Can our Trustees, Senior Management Team and leading volunteer champions speak with authority and enthusiasm about our organisation and its development plans – as proportionate givers and passionate networking ambassadors?
- ☐ Is our fundraising database being used to mine and prospect major donors?
- ☐ When was the last time members of your Board of Trustees, Executive Team and fundraising team sat down together to review and evaluate the charity's top funding prospects?
- ☐ Do you have the potential to develop an active and well managed Top Prospect pipeline?
- ☐ Do the current fundraising systems, structures and team enable opportunities for higher level giving across income streams?
- ☐ Do you engage with and cultivate major donor prospects?
- ☐ Are your key leaders and volunteer networkers trained in how to ask for major gifts?

How we can help you quickly, simply and easily

A Compton fundraising review will help you to find out. Delivered by our team of experienced consultants a 3 -day major donor review will quickly assess your current position and give you a workable plan for moving forward.

Want to talk it through?

For an informal discussion, contact Paul Molloy on
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