

Welcome SIVC!



“Nonprofit Fundraising Fundamentals”

September 29, 2011

1:45 - 2:45 pm

Agenda

- Introductions
- Mission and Purpose: You and Your Organization
 - *Why are you here?*
- State of the (Nonprofit) Industry
- Overview of “Fundraising Fundamentals”
- Motivations for Giving
- Brief Discussion on Sustainability

Introductions

- Name
- Role (titles are misleading!)
- Organization
- Soundbite of Organization's Mission/Purpose
- What do you hope to leave with from this workshop/conference?

Why Are You Here?

- Vision Statement
- Mission Statement
- Case Statement

- What made you say “Yes” when entering the nonprofit world?
- Where do you see the most hope/promise in your current role?

State of the Industry:

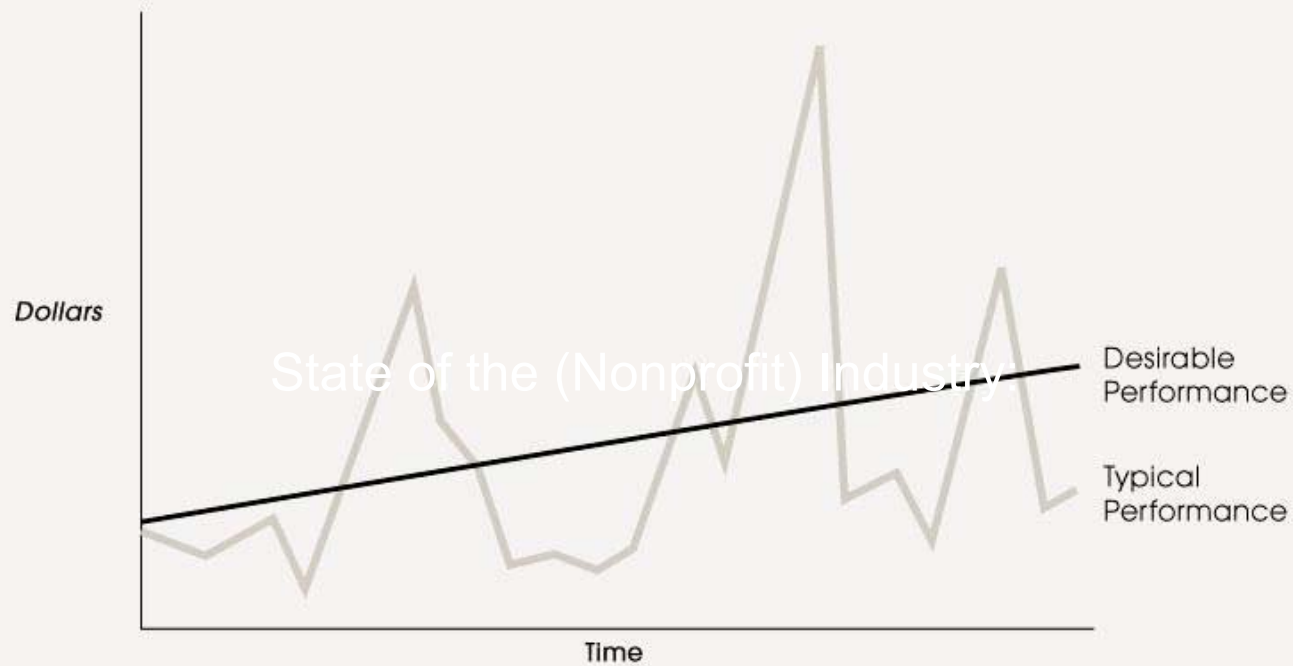
- Nearly 62,000 Nonprofits in Illinois
- Flailing “Anemic” Economy:
 - Inflation continues (food/gas)
 - Higher taxes and unemployment
 - “Uncertainty” pervasive in the market
- Floundering Governments:
 - Increasing regulation
 - Decreasing funding
 - Gridlock
- Increased Health/Human Service/Education Needs!
 - Basic needs: hunger, shelter, clothing!

State of the Industry:

- Fund Development Indicators:
 - 25% have set a lower fundraising goal for the current year (average percent decrease over previous year goal: 24%)
 - 48% indicated that they will meet their goal, but only with significant effort
 - 18% indicated that they would likely not meet their goal; all are at institutions at which goals were previously met

Source: *State of the Industry: Philanthropy and the Future of Health Care*, The Advisory Board Company (2010).

Timelines in Tension



Source: *The Perfect Storm: State of the Industry for Hospital Philanthropy Programs*, The Advisory Board Company (2009).

Why Are We Here?

- Headlines:

- Donations to U.S. Hospitals Plunge 11%; First Drop Since 2002 (Chronicle of Philanthropy, 9/28/10)
- Moody's: Not-for-profit hospitals will have tough 2011 (The Advisory Board Company, 2/4/11)
- With Revenue Up, Nonprofits are Rehiring (The NonProfit Times, 2/7/11)
- Donations to hospitals expected to rebound after a tough 2010 (The Advisory Board Company, 2/10/11)
- Most Donors Intend to Give More in 2011, New Study Finds (Chronicle of Philanthropy, 5/5/11)

Why Are We Here?

- Headlines:
 - Giving's Recovery Lacks Momentum, Say Charities (Chronicle on Philanthropy, 6/30/11)
 - Corporate Giving Slow to Recover as Economy Remains Shaky (Chronicle on Philanthropy, 7/28/11)
 - After Deficit Fight, Charities Face Even Deeper Cuts (Chronicle on Philanthropy, 8/25/11)

Best Advice I Have

- *Turn off the NOISE!*
- *FOCUS on your MISSION*
- *“Know Thyself” [and thy organization]* (Source: Socrates...and me)

Concepts & Definitions

- **Fundraising** is... The Right Person asking The Right Prospect for The Right Gift for The Right Program at The Right Time in The Right Way!
- **Fundraising Strategy** is... The Right Fundraising Vehicle for use at The Right Time for The Right Purpose

More simply stated:

“Fundraising is the gentle art of teaching people the joy of giving.”

- Hank Rosso, Founder, The Fund Raising School,
The Center on Philanthropy at Indiana University

So, is fundraising an *Art* (“joy of giving” quote) or a *Science* (such as The Fund Raising School which he started at a research institution)?

People & Ideas in Fundraising

- ***Mission & Case Statements: Why Give?***
- ***Constituencies: Who is Most Likely to Give and Why? Who Else is Likely to Support Us?***
 - Value of Volunteers
- ***Basic Fundraising Vehicles:***
 - Annual Fund (Donor Pyramid)
 - Major/Capital Gift
 - Planned/Lifetime Gift
 - Donor Recognition & Stewardship

Constituencies

“My practice is to go first to those who may be counted upon to be favorable, who know the cause and believe in it and ask them to be as generous as possible. When they have done so, I go next to those who may be presumed to have a favorable opinion and to be disposed to listening and secure their adherence. Lastly, I go to those who know little of the matter or have no known predilection for it and influence them by presentation of the names of those who have already given.” - Attributed to Ben Franklin

Fundraising Vehicles: Annual Giving & Donor Development

- Employee giving initiatives
- Volunteer giving initiatives
- Board of Directors/Trustees giving (100%)
- Giving Societies
- Direct Mailings
- Phone/In-person Solicitation
- Special Events
 - Fund-raising & Friend-raising
- Other?

Donor Pyramid

- Universe of Prospects
- First Time Donors
- Renewed/Upgraded Donor
- Special/Major Gift Donor
- Capital Donor
- Planned/Lifetime Gift Donor

Fundraising Vehicles: Major Gifts Process

- Identification
- Qualification
- Develop Strategy
- Cultivate
- Solicit & Negotiate
- Acknowledge/Recognize
- Steward
- Renew

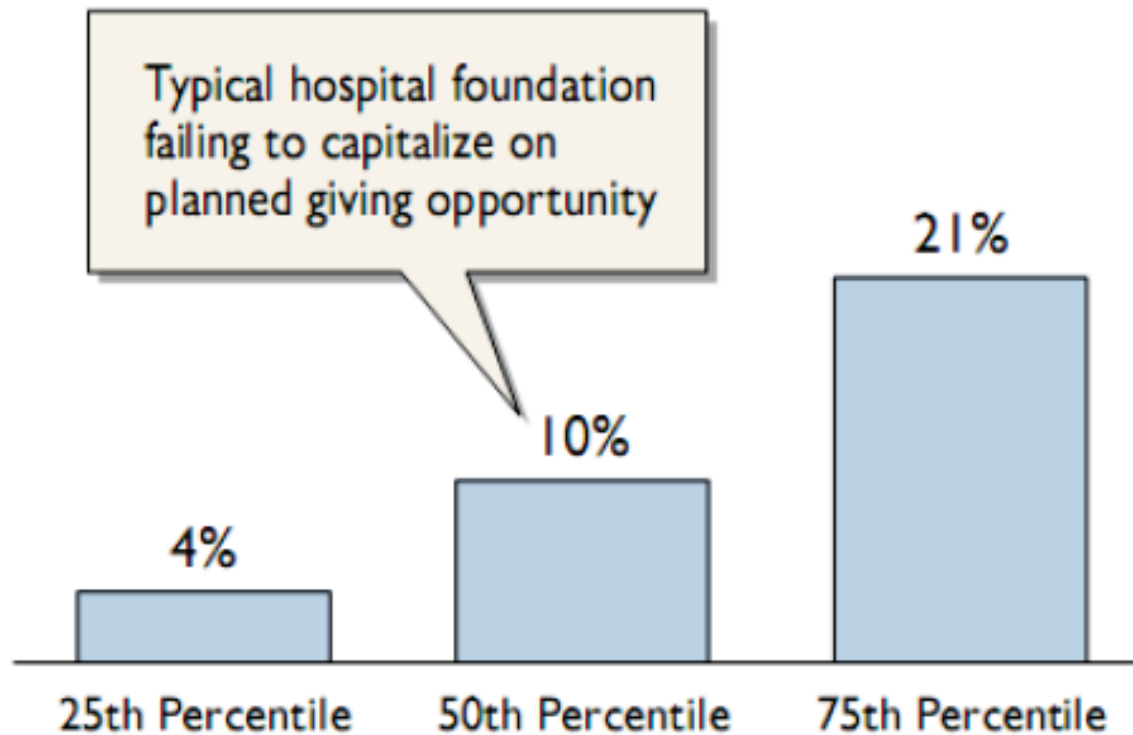
“Top Gifts” – Planned/Lifetime Giving

- Expand the prospect base & the establishment of benefactors who give increasingly larger current gifts
- Focus on gifts & pledges over \$X,XXX
 - “Major” gift is relative to institution
- Engage key constituents in identifying major gift donations
 - partnering with staff, board members and other volunteers in the procurement of gifts through the systematic identification, qualification, cultivation, solicitation, closure and stewardship of major gift donors
- Planned and deferred gifts, including estate gifts in support of hospital programs and funding priorities
 - stock, real estate, business interest and other methods of tax advantaged giving
 - charitable trusts, life income gifts, gift annuities and bequests which may provide tax advantages & income to donors and are usually the only way for a foundation to create a substantial endowment

Major & Planned Giving

Planned Gifts as Percentage of Total Funds Raised

n=160 institutions



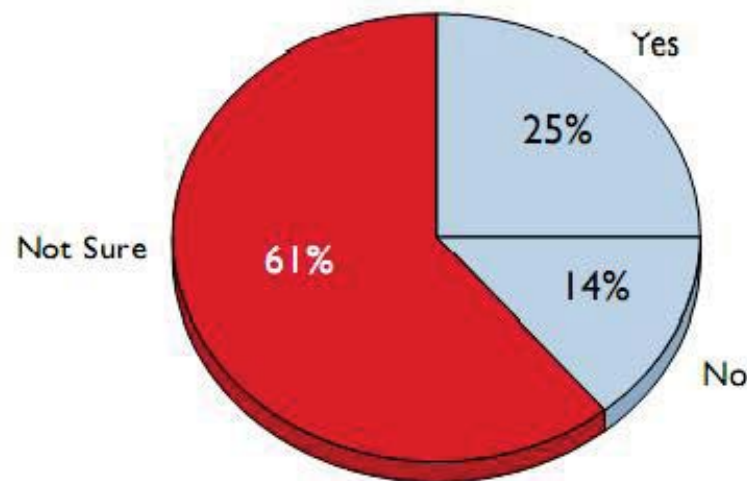
“failure to ask” is #1 barrier

Source: *Leaving a Legacy: Realizing the Potential of Planned Giving in Development Strategy*, The Advisory Board Company (2008).

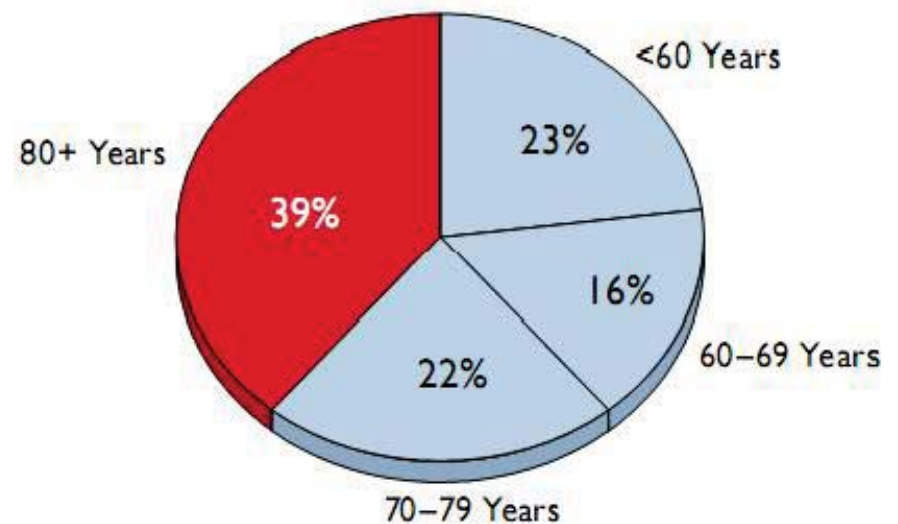
Major & Planned Giving

Council Survey of Hospitals' Top Gifts

Is the hospital included in the donor's estate plan?



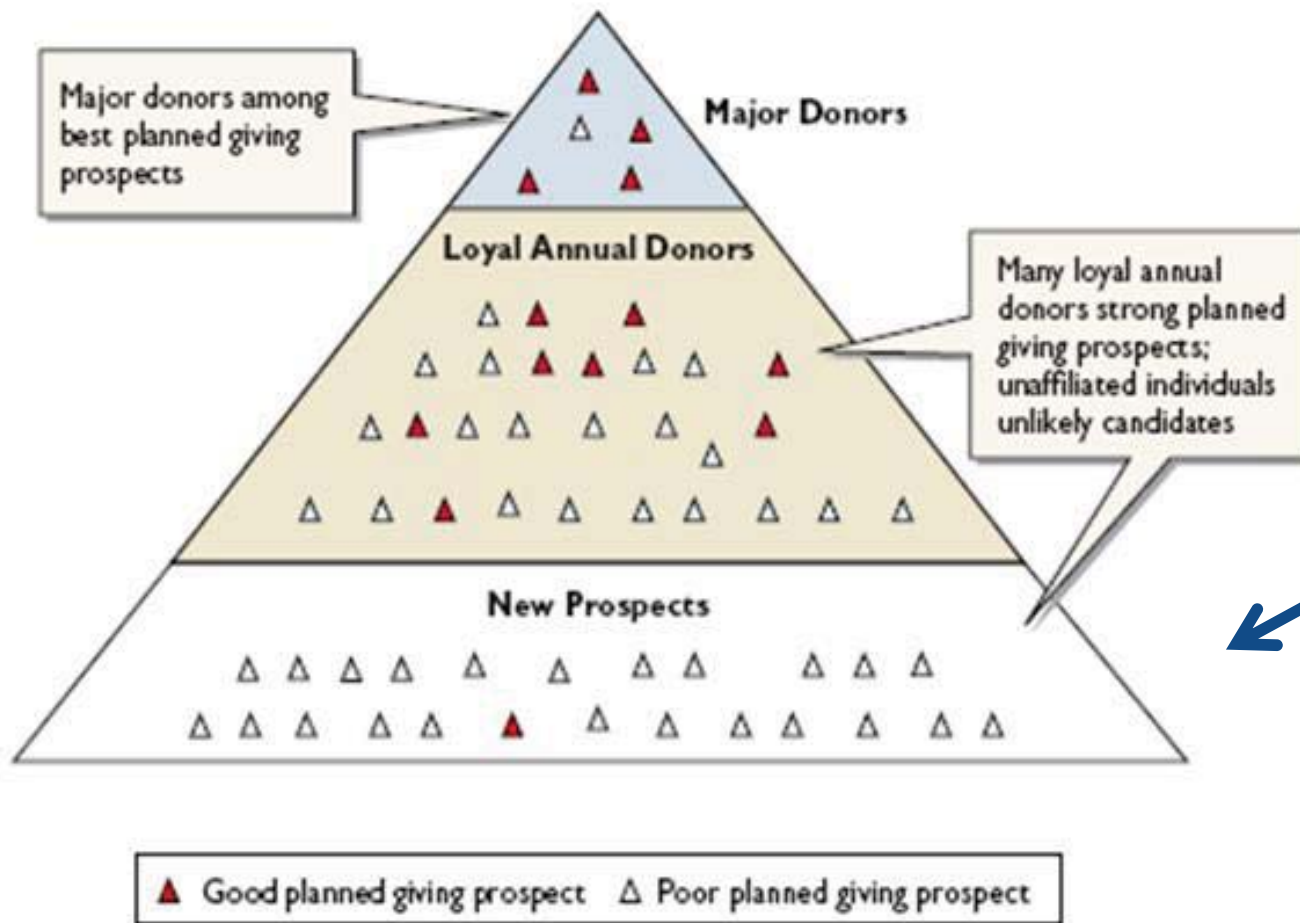
How old was the primary donor at the time of the gift?



“failure to ask” is #1 barrier

Source: *Leaving a Legacy: Realizing the Potential of Planned Giving in Development Strategy*, The Advisory Board Company (2008).

Today, an upgraded donor... *tomorrow, a planned giver?*



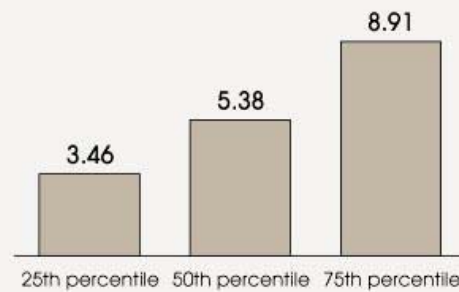
The best prospects for major and planned gifts come from those with an already-demonstrated affinity towards the organization (loyal annual donors)

Major Gifts Drive Profitability

Major and Corporate Giving¹

Return on Investment

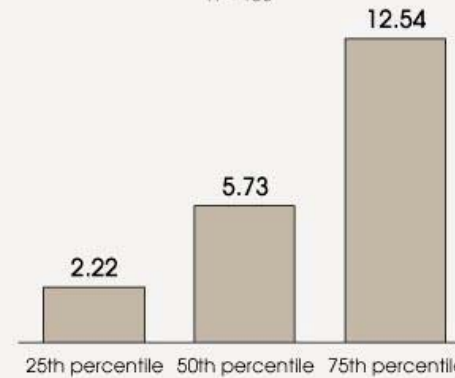
n = 140



Planned Giving

Return on Investment

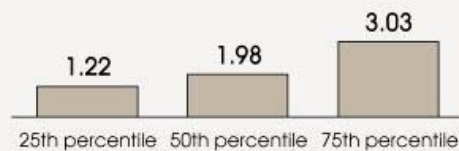
n = 133



Annual Giving

Return on Investment

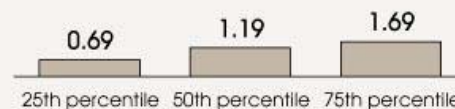
n = 137



Special Events

Return on Investment

n = 130



Source: *The Perfect Storm: State of the Industry for Hospital Philanthropy Programs*, The Advisory Board Company (2009).

Donor Recognition & Stewardship

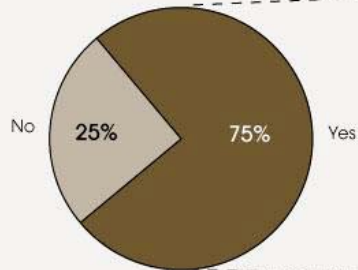
- “Friend of the Foundation” program that provides special benefits and personal attention
- Donor recognition systems (prominent visibility, special gifts, holiday cards, special occasion cards)
- Personal attention of all major donors and prospective donors when they seek services or inquire about the organization
- Donor recognition events that build positive relationships and keep donors informed about developments at the organization
- Organized system to ensure personal calls and/or letters from Board members to major donors
- Special educational programs for donors (forums, VIP tours, retired employee groups, corporate receptions) which target donor categories or constituencies
- Communications (periodic newsletters, website, special mailings, email, social media and facility displays)
- Timely and accurate gift acknowledgements and year end letters / receipts

What Drives A Gift?

Strong Ties a Prerequisite for Top Gifts

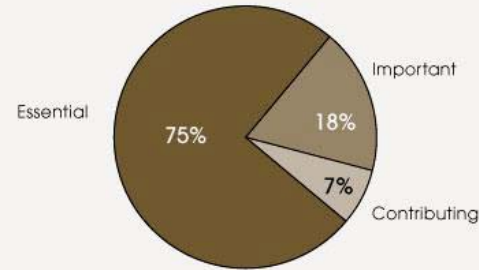
Was Top Gift Driven by Relationship with CXO, MD, Board Member, or Top Donor?

n = 150 gifts



Importance of Relationship in Decision to Give Gift

n = 113 gifts



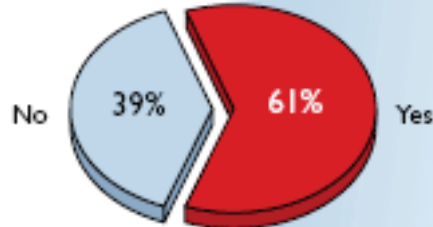
Strong Ties...
is a driving factor for the majority of all gifts.

Source: *The Perfect Storm: State of the Industry for Hospital Philanthropy Programs*, The Advisory Board Company (2009).

What Drives A Gift?

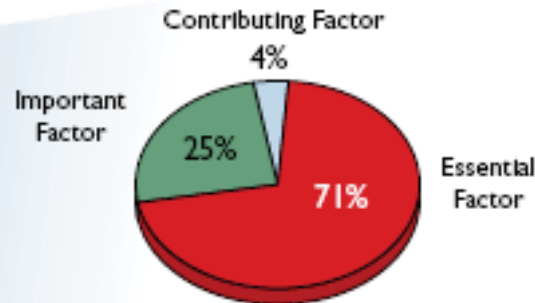
Gratitude a Powerful Influence

Was Gratitude for Care¹ a Factor Driving the Top Gift?



n=150 Top Gifts

Importance of Gratitude in Driving the Gift²



n=92 Top Gifts

Gratitude ...
is the driving factor for the majority of all hospital gifts, and 71% of “top gifts”.

Source: *Connecting Through Care: Research Overview, Best Practices in Grateful Patient Fundraising*, The Advisory Board Company (2007).

What Drives A Gift?

- **P**assion – they believe in the cause
- **A**ffiliation – they belong to the group
- **T**radition – they have a history of giving
- **R**ecognition – they want to be known
- **I**nspiration – they are captured by the project/people
- **O**bligation – they feel a duty or it is expected
- **T**ransformation – they want to make a difference
- **I**nvitation – they are asked!
- **C**ompletion – they are fulfilling a commitment

- Dave Sutherland, INJOY Stewardship Services, in *Stewardship Strategies*, Fall 2002

Review: Why Am I Here?

St. Mary's Hospital's Mission: To continue the healing ministry of Jesus Christ by providing regional, cost-effective, quality health care services for everyone, with a special concern for the poor and vulnerable.

- A sample mission story or quote
 - Others?

Moving Forward...

- How do we develop a fundraising strategy that results in more consistent giving, in this environment?
- How do we balance short- and long-term fundraising efforts, with limited development resources? How do we prioritize efforts?
- What kind of partnership might be necessary to leverage professional support and further build the “culture of philanthropy” in Southern Illinois and beyond? (“A rising tide lifts all boats...”)
- As our development function grows, which type of staff should we add, and when?

Source: *State of the Industry: Philanthropy and the Future of Health Care*, The Advisory Board Company (2010).

Establishing a Generous Culture

- “Giving, serving and connecting are what create and build healthy communities. Nonprofits and givers can begin the seemingly overwhelming job of healing and repairing our broken communities by striving to build their own capacity to learn, serve, manage and lead. To best advance their larger mission of serving and building community, nonprofits first must build into their own organizations the culture of service and community they champion... Big change starts with the small change of changing how we work, learn, lead, serve and communicate.”
- - Todd Cohen, Inside Philanthropy blog, Philanthropy Journal 2.14.11

Adjourn

- Thank You for your time and your active participation.

- Contact Information:

Scott Niermann

scott_niermann@ssmhc.com

618-436-6455