ENGAGEMENT FUNDRAISING 2018

THE BEST OF 2018

smartideas

A collection of insights from MarketSmart's blog

Greg Warner

THE BEST OF 2018 SMARTIDEAS

From MarketSmart's blog, a collection of insights to help you be the fundraiser you always wanted to be.

Greg Warner

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DEDICATION

For my wife, Nessa, and my children
Madison and Landon.

ACKNOWLEDGMENTS

I would like to thank my staff at MarketSmart for their dedication, and most of all, believing in me and our mission.

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INTRODUCTION

Even A Broken Record Can Play Beautiful Music, Here's Mine …

I'm going to repeat what might now be cliché.

You've heard this before. But you've got to let it sink in. Then act on it. Here it goes, because truth is like medicine. It tastes bad going down. But it cures!

…Needle hitting vinyl.

If you reach out to the right people at the right time with the right message, they'll be receptive to you and your outreach. If not, you'll get a lot of unsubscribes, hang ups or worse because people will only politely endure your interruptions and annoyances for so long.

Your job is to **qualify** your list so you cultivate the right people over time with relevant messages they'll appreciate. Do that and you'll get more opens, clicks, accepted phone calls and meetings. People will happily accept your outreach and welcome the value you provide. Then, they'll reciprocate by giving and telling their friends to join them in an experience that helped them find meaning in their lives.

There! Broken record played once again!

CHAPTER ONE:
Fundraising Climate Change

IS A DAY OF RECKONING COMING FOR FUNDRAISERS AND THEIR EMPLOYERS?

Fundraisers like you are in a difficult spot.
You're constantly being asked to raise more money by your board of directors, but you don't have the staff, resources, or tools to do it the right way.

You're probably overworked and underpaid.
You may be patient, empathetic to your cause, and full of good intentions. You know you need to create relationships and speak to donors one-to-one, but all too often, the demands of the position force you or your marketing staff to communicate one-to-many.

Impatience causes wise people to do foolish things.
Generic, impersonal, one-way communications may be easier for your nonprofit to distribute and may provide short-term gains, but it doesn't pay off in the long run. It is ultimately disrespectful to donors, forcing them to hop around in search of a better experience.

The day of reckoning.
I believe a reckoning day is coming. The charitable world has changed due to technology (mostly the Internet/smartphones) and donor expectations. The older generations covered their eyes, ears, and mouths as they gave. The younger ones won't be so trusting, or forgiving.

What will you do?
Will you embrace the change and use it to your benefit by engaging with givers in a respectful, mutually beneficial, and two-sided conversation?
If you do, revolutionary results will be accomplished. If not, the storm clouds gathering on the horizon will eventually force a change, whether you're ready or not.

FEAR OR FEAR NOT … A MASSIVE DISRUPTION IN THE FUNDRAISING INDUSTRY? THAT IS THE QUESTION!

It seems like everyone is saying they are disrupting this or that these days.

Lots of people wear it as a badge of honor whether they are really making change or not. They want to be seen as disruptors but usually, they're just making noise.

But then there's me.

Some people call me a disruptor. Others think I'm just making noise. And, then there are those that feel I'm just a huge pain in the ass!

But whether you feel I'm a disruptor or not doesn't really matter. What's important is how disruption in the fundraising industry affects you. Should it be feared or embraced?

I think it *should* be feared, but not for the reasons you might think. Here's why:

Back when I sold direct marketing (printing and mailing) to nonprofits in the DC region, I made a huge sign and put it above my cubicle's desk to ensure that I'd read it each morning. In bold black letters, it simply read: **"Complacency Is A Prelude To Disaster!"**

Having it there consistently reminded me to fear a false sense of security. That motivated me to always look over my shoulder and never rest on my laurels.

In that regard, I feared disruption, but for a good reason— to drive me forward and help me improve. To help me turn fear into a positive, not a negative.

That's because when fear is viewed as a negative, it paralyzes you or drives you to run and hide. To seek shelter.

But when it's viewed as a positive, fear inspires creative thinking that leads to innovation and myriad opportunities.

Of course, the printing industry almost evaporated in the blink of an eye.

So I'm no longer selling direct marketing. Instead, I now lead a fast-growing, *disruptive* technology-enabled services company. Stalwarts in the sector fear us.

But should they? Or should they look at our existence as an opportunity?

Many have already channeled their fear positively to find opportunity. They have allied with us. Will you?

WHAT EVERYONE IS MISSING ABOUT THE 2018 $410 BILLION GIVING FIGURE FROM GIVING USA

$410 billion. Hooray! Right?

Not so fast! Lots of folks are not so happy. So today I'm going to tell you what they are missing that makes them all **wrong** for being so salty.

First, here are some of the downers I recently read and heard after the $410 billion figure was announced.

1. **Holding pens.** The biggest surge was in giving to holding pens such as foundations. Many philanthropists gave their money to their own foundations and donor-advised funds, not directly to charities. Case in point, Mark Zuckerberg and his wife, Priscilla Chan, put $162.4 million in their DAF.

2. **Fewer households giving.** Washington Post: "Una Osili, a dean and economics professor at the Lilly Family School of Philanthropy, says the school's research shows that the percentage of U.S. households making charitable donations has declined steadily in recent years, from about 67 percent in 2000 to 56.6 percent in 2015 — the latest year for which data is available. She said giving rates for lower- and middle-class families had dropped significantly since the 2008 recession, while the giving rate for the wealthiest 20 percent of households was relatively steady."

3. **Retention rates stink.** Nonprofit Times: "The stiffest challenge for nonprofits might be one that they've been grappling with for years: retaining donors."

So what's wrong with these complaints? What are they missing?

The reason why wealthy people put money in their foundations and donor-advised funds…

The reason why fewer households are giving …
And the reason why retention rates are in the toilet:

CHARITIES ARE FAILING TO DELIVER ENOUGH VALUE WHEN COMPARED TO COMPETITORS VYING FOR DOLLARS.

Yep! I said it! Charities are not delivering enough value! So, they are getting their asses kicked by the competition.

They think they are doing so much good that supporters should just fork over their hard-earned money without question.

They think they are so awesome that supporters should just 'figure it out' as they struggle through a nonprofit's online navigation trying to determine how to give or volunteer.

They think they are too busy to answer the telephones politely and return calls promptly, and supporters should just understand.

No! No! No! No! No!!!

Donor-advised funds.

People with money absolutely love their donor-advised funds. Using them, they get a tax write-off right away as they take a measured approach to their pursuit of meaning in their lives. And besides, they generally don't trust charities to do good with the money anyway. So, having a DAF (or a foundation) allows them to first give the money away to a holding pen as they do their due diligence. And finally, with a DAF or foundation, they get two doses of good-vibes for the price of one. In other words, they get to feel good when they give the money to their DAF or foundation and they get to feel good again when they finally recommend it goes to a charity. Tons of value!! Who wouldn't want that?!?

Dunkin' Donuts delivers value.

Can you think of a more 'middle-American' brand? I can't.

Their revenue was up almost 4% in 2017 ($828.89 million in 2016 to $860.50 million in 2017). Seems like they got some money out of the

middle-class thanks to their menu innovation, unit (store) expansion plans, and digital marketing initiatives.

Hmmmmm. Could they be winning against charities for share of wallet? I think so. They aren't losing donors (Oops! I mean customers) because they deliver value!

How about Walmart, Apple, and Netflix? They deliver value too!

- Walmart: $478.61 (2016) to $481.32 (2017)
- Apple: $215.64 billion (2016) to $229.23 billion (2017)
- Netflix: $8.83 billion (2016) to $11.69 billion (2017)

Are you getting the point? It's all about the value proposition.

Simply stated, you should never try to come up with any other reason why people (especially in the mid-class people) are giving less. The reason is clear. People want value. And, if you won't give it to them, they'll find someone else who will.

VALUE! VALUE! VALUE!

Nonprofits need to ask themselves, "How can we make the giving experience better so we can compete with Dunkin' Donuts, Walmart, Apple, and Netflix?"

Sorry folks. Don't kid yourselves.

Until charities provide more value, their supporters/donors will continue to spend their money somewhere else or park their money in donor-advised funds or foundations.

The truth is a jagged pill but it needs to be swallowed.

THE MYTH OF THE DISAPPEARING DONOR

Lots of folks think donors are *disappearing*.

While populations in the U.S. and other philanthropic countries are still increasing how can it be that donors are *disappearing*?

Blackbaud's Vital Signs report found: "The number of households contributing dropped 7% from 2010 – 2015."

The Chronicle of Philanthropy's article titled Where Are My Donors reported: "Since 2000, the percentage of households that donate has dropped in every age group. Surprisingly, people ages 51 to 60 — prime years for giving — saw the biggest percentage-point drop."

Let's not kid ourselves; they aren't *disappearing*, they just aren't giving.

Instead, they are spending their money elsewhere.

Many go to Starbucks each day to buy a Tall, Non-Fat Latte with Caramel Drizzle at a hefty price of $4.65. If your donors do that every day of the work week, they could be spending about $100 bucks a month or $1,200 a year on sweet coffee drinks instead of giving that money to your organization to make an impact.

That's why your growth rate chart is probably somewhat flat.

Plus, those same supporters are likely spending their cash on Netflix subscriptions.

And most of them are also throwing dollars at Amazon too.

So since they aren't disappearing, why aren't they giving?

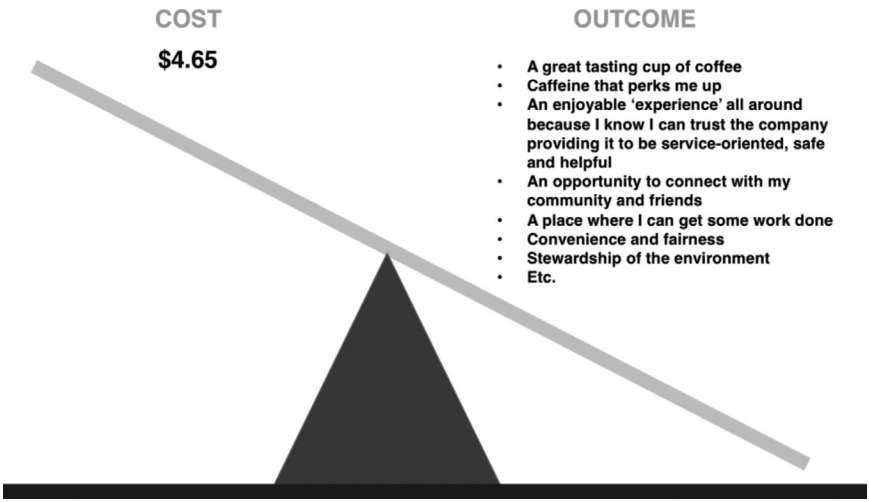
It's really pretty simple. Our sector is getting its ass kicked (and the competition is getting more of your supporters' *share-of-wallet*) because the

nonprofit sector sucks at delivering value and companies like Starbucks, Netflix and Amazon are really good at delivering value.

The value equation.

This concept is really simple: When customers/donors consider where to spend their money they weigh an outcome against its cost.

In other words, the Starbucks value proposition looks something like this:



That's a lot of value for $4.65! Your job is to provide value.

If you want to find and convert the defecting donors so they'll give and then give again, you can't ascribe to the ideas propagated by others. Your donors are not *disappearing*.

I promise you, macroeconomic statistics don't matter. So what if the rich are getting richer or the middle class is getting hollowed-out! You can't solicit the entire upper or middle class anyway.

What you need to worry about is your core (first) and people like them (next). Provide more value!

After all, they are only ignoring or avoiding your outreach communications because they aren't fun, they aren't fair, they aren't convenient…. I could go on and on.

You can fix this problem and your supporters, program staff, board members, leadership… and especially the beneficiaries of all the donations… will be thrilled that you did. You can help people move themselves through the consideration process for giving. But first, you must stop soliciting so much and so soon, before you've given to them. You must learn to give, then you'll get.

3 REASONS WHY I USE CURSE WORDS (BUT ONLY ONE THAT MATTERS)

She told me others would say I was unprofessional.

I was asked to lead a roundtable discussion at a conference recently. So I did. And afterward one of the attendees approached me as I got a cup of coffee in the sponsorship expo room.

She said, "Greg, I really enjoyed your roundtable discussion but why on earth did you curse… twice? Don't you worry that people will say you're unprofessional?"

Here's what I told her in response:

"I curse because I'm from New Jersey."

She smiled a bit but she wasn't buying it.

So I gave her another reason. "Cursing is good for the soul," I said. Then I cited the new book *Swearing is Good for You.*

Intrigued, yes. But she gave me a look and I knew she wanted more— the *real* reason.

So finally I said it. "Look, I curse because I really want people in this sector to wake the f@#& up. That's the reason, ok? There's too much to be done. There's too much at stake. If we don't wake up, we'll fail so many."

I continued, "It's time for a change. It's time for fundraisers to stop doing it the way it's always been done. It's time they stopped asking and started engaging. When major donors understand the problem, how they can make an impact, how they can find meaning in their lives, and have been deeply involved, they will give and will even self-solicit. They won't give just because they were asked to do so. That's for sure!"

She was taken aback but smiling, so I went on.

"Look," I said, "Curse words are like lightning bolts. They draw attention and make people more heedful. I've got to shake things up. Will some think I'm unprofessional? Sure. But I don't care. It's not about civility. It's about making a difference, for the donors and the beneficiaries of their gifts. It's about raising money for less. And, it's about helping fundraisers be the people they always wanted to be. Make sense?"

I was finished with my rant.

There was silence between us. Her eyes were welling up a bit.

She leaned over and gave me a hug saying, "I love what you're doing. Keep cursing!"

CHAPTER TWO:
Qualification

7 SIMPLE STEPS TO QUALIFY YOUR DONORS

Unsuccessful fundraisers don't understand qualification. They don't recognize its power. They wait for the next wealth screened list. They fiddle with it in Excel or in some other database. They make a few calls. They don't get any appointments. They give up. Then they say the list was no good.

Unsuccessful fundraisers don't use the qualification process effectively. They don't recognize the fact that understanding qualified supporters in-depth is crucial. When they call, write or visit them, they ignore their interests, passions, desires, and needs. And, too often, they ignore them entirely. They don't call, write or visit them at all.

So how do you qualify them?

STEP 1: Listen. It's about opening up dialogue. It's about creating feedback loops so you can capture verbatims and digital body language. It's about listening.

STEP 2: Understand. Then it's about studying what you learned to determine the potential for the relationship. Can one be developed? Do they want one? With who? You? Or just with your mission? Do they have the right level of passion now? Can they have it later? Are their interests in alignment? Does their life story entwine somehow with your organization's mission? How? Why? And, is the time right? If not now, when? Also, do they have capacity? Do they have friends or family members with capacity? Do they have children? Do they have assets?

STEP 3: Segment. Now that you've properly engaged your donors and put forth some effort to properly understand them, it's time to segment the data based on a variety of factors. For instance, where are they in the consideration process? Have they already made a legacy gift? Are they considering one? How about a major gift? And, where would they like to make an impact? Why? Etc.

STEP 4: Prioritize. Based on your segmentation, some donors will require highly personal, one-to-one outreach (such as a telephone call or a visit) while

others would probably prefer a letter or email. It's essential that you show 'em that you've been listening. Prioritize them accordingly. Be there for the donors that want personal contact. Be available for the donors that don't (at least not yet).

STEP 5: Personalize. Personalization isn't about putting their name on a letter. It's about relevance and value. Armed with the knowledge you've acquired and the segmentation and prioritization you've worked out, it's time to create offers that will interest each donor in each segment according to their priority. Offers can range from an opportunity to meet with you in-person (for those who are ready) to an offer to simply watch a video. Either way, every offer should reflect each donor's interests, passions, desires, needs and where they reside in the consideration process in order to ensure that you and your message will be truly relevant and accepted. Your major donors expect and deserve that kind of donor-centricity.

STEP 6: Engage. It's time to put the stamp on the envelope, hit 'send', pick up the phone or get in the car. No matter what vehicle you use, you've got to engage with your donors. That's the only way to build trust and grow the relationship to a level that is needed before the donor will give. It's pretty darn difficult to close a major gift without engaging with a donor.

STEP 7: Monitor. Major gift fundraising requires time and patience. You must be polite and persistent as you engage with them and they engage with you directly or with your organization (without you present). All the while you must monitor what's going on. By monitoring your donors, you'll learn when it's the right time to take action and what action you should take. Nonprofits working with MarketSmart employ our digital tracking technology to monitor what their donors are doing online (on their web pages, on Facebook, etc.). They also use our donor survey platform and other widgets to monitor their donors as they navigate the gift consideration process. You will also want to monitor whether or not your donors recently gave. For instance, if a qualified donor made a $5,000 donation online, that action should further qualify them for outreach. And, of course, if you meet with a donor face-to-face, you'll want to use the information you gather to understand how you can facilitate their giving. No matter how you do it, monitoring your donors over time is integral to the qualification process.

IS DONOR RETENTION REALLY WHERE YOU SHOULD FOCUS YOUR TIME AND MONEY?

The market/sector has been 'flooded' with people talking about donor retention for many years now.

Many of them make money selling software and services that supposedly help fundraisers improve their donor retention. Yet after all their talk, the statistics say that donor retention just keeps going down. The number of donors giving to charity keeps declining while total charitable dollars keep increasing. In other words, there's been a narrowing of the funnel. And, I believe this trend will only continue.

Hmmm.

Perhaps their software and consulting recommendations aren't working? Perhaps the tide is too strong?

Maybe. But I believe there's more to it than that.

I think your focus needs to NOT ONLY be on donor retention (although that's not a bad thing to work on). I think your focus should be on donor qualification and donor prioritization. Here's why:

According to Giving USA, the number of donors is decreasing yet more money has been raised than ever. So, fewer people are giving more!

Therefore, trying to retain all of your donors is not necessarily a good plan. Especially because donor retention tactics are expensive and time-intensive. But trying to retain the **most qualified donors** (the ones with the most passion and most money) IS a good plan.

Of course, my products qualify and prioritize donors for outreach and communications. So I guess I'm biased. But remember, I changed my successful marketing company to help this sector because I'm a pissed off donor, not because I found a market in which I could make money. Heck! If

I wanted to make a lot of money I could have done that a lot faster and with less aggravation by staying OUT of this sector.
Bottom line: All the talk about donor retention drives me a little crazy sometimes. It's not really good for the sector to keep telling the staff to go into a fist-fight while at the same time they have both hands tied behind their backs (since they can't really afford to do donor retention tactics the right way). Focus on qualification and prioritization first. Then work your ass off to retain those hi-value donors with meaningful, personalized, relevant engagements. Give them the experiences they deserve and let your competition spend time and money on the rest with weak, watered-down, one-size-fits-all donor retention approaches.

WHAT'S REALLY WRONG WITH MOVES MANAGEMENT?

A lot of people feel uncomfortable with moves management but they don't know why.

I think discomfort might arise because it focuses a lot on you and your actions, and not enough on *your donor and their consideration process.*

Sure you need to map out your process, set up tasks and 'make your moves'…

But what about theirs? Do you understand their decision-making process? Have you mapped it out on a whiteboard and broken it down? Have you studied it carefully?

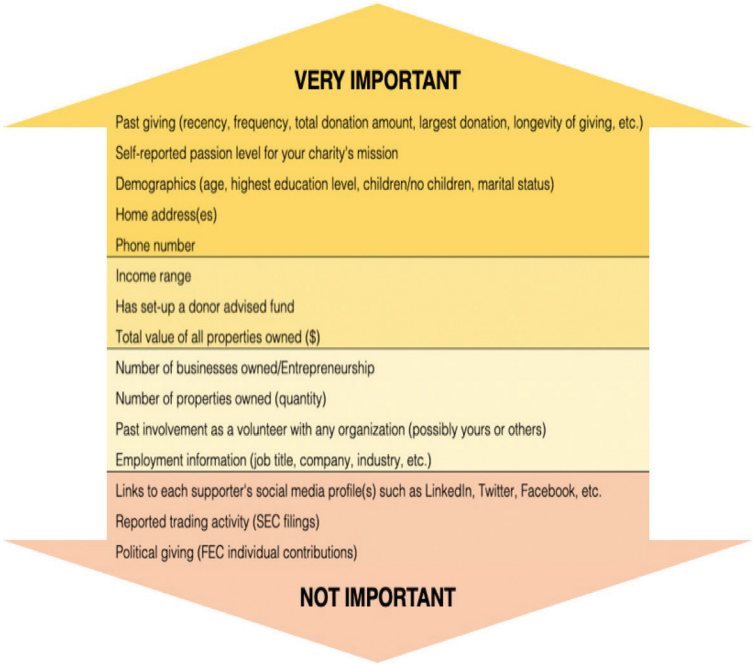
What do you think?

Should you consider spending some time contemplating your donors' consideration process in addition to managing yours?

THE TOP QUALIFICATION AND PRIORITIZATION DATA POINTS YOU SHOULD CONSIDER BEFORE YOU REACH OUT TO YOUR SUPPORTERS TO BUILD A CASELOAD

Recently we surveyed a few hundred fundraisers to find out what they felt were the most (and least) important data points for qualifying and prioritizing major gift supporters for outreach.

Here's what they said:



CHAPTER THREE:
Cultivation

DON'T SURVEY YOUR DONORS UNLESS YOU HAVE CULTIVATION READY TO GO

Let's start at the beginning.

Almost 10 years ago, when MarketSmart was a marketing agency for private sector businesses and I first offered to help a charity generate leads, I recommended an outreach effort that included a mini-survey. It worked! So we expanded it to a more comprehensive survey and it worked even better.

The only problem was that the organization didn't have enough staff to call the highly qualified leads.

I thought that was terrible.

How could you ask people to give up their most prized possession — their time — without delivering any follow-up soon after?

These people were pouring their hearts out in those surveys. They were sharing intimate information about themselves, their passions, their desires, and even their wills and estate plans.

"But we added them to the Legacy Society," I was told.

I replied, "And the ones that didn't leave the organization in their wills yet? What about them?"

"Well," he responded, "I treat 'em like they never happened. Look, I don't have time to cultivate every lead."

Mistreatment.

Hmm. So that meant they were opted-in to a 'club' they didn't ask to join. They were later sent a letter and a pin followed by a subscription to a magazine they did not request. That was it! That was how the supporters were treated.

In return for their ultimate gift ($63,000 average), they were 'spammed' with stuff they didn't necessarily want or they were ignored. Nice job!

So what did I do?

I called the donors who said they already planned a gift and the prospects who said they were interested in doing so.

No, not all of them. There were way too many. After all, we were darn good at generating great leads!

This leads me back to the title of today's post: Don't survey your donors unless you have cultivation ready to go.

Folks… if you don't have the time to properly cultivate the leads you generate from your outreach efforts, don't do the efforts at all.

Ignoring your leads can actually be more harmful than not generating them at all. Asking people to take time out of their lives to fill-out a survey without consistent follow-up is just plain rude. Plus, it's wasteful.

At MarketSmart, we felt so strongly about this (after I tried to make the calls myself) that we developed the only automated, highly personalized, highly relevant cultivation system that delivers the right messages to the right donors at the right times spawned by their survey answers and online digital body language. It's amazing (of course I'm biased).

Bottom line: If you don't have cultivation ready to go, don't survey your donors (unless you want to tick 'em off).

8 GREAT WAYS TO END EMAILS OR LETTERS

Cultivation starts and ends with great communication. Goodbyes are just as important as hellos. So here are some great ways to end emails you send to donors:

1. [First name], I'm really counting on you!

2. [First name], when you look back on this moment, you'll be so glad you [mission-oriented copy here].

3. [First name], this is your chance to make a huge impact on [mission-oriented copy here].

4. [First name], you may not know their names and they may not know yours, but your thoughtful generosity will help [mission-oriented copy here].

5. [First name], your investment in [mission-oriented copy here] will make a difference in their lives for generations to come.

6. [First name], your compassion will give our children and grandchildren [mission-oriented copy here].

7. [First name], with your help [beneficiaries] will be able to [mission-oriented copy here].

8. [First name], you will be so glad that you decided to help!

Whew! I typed furiously but that's all I could get out in 10 minutes. What are your favorite ways to end your emails? Can you add to the list?

By the way, did you notice how many times I wrote "you" vs. "I"?

HOW TO STOP OVER-THINKING AND START ENGAGING

Confucius said, "Life is really simple, but we insist on making it complicated."

Engagement fundraising is so darn simple too! You don't need to over-think it.

Learn.

Just start with a survey and ask your supporters about themselves. Invite them to lean in and tell you about their interests, wants, needs, desires, passions, their life story, how they might want to give, what they might want to fund, who inspired them to give, and so on. In most cases, your supporters are starved for this kind of opportunity. So give it to them. Doing so will make them feel good.

Cultivate.

Then use the information they provide to show 'em that you heard 'em. Prove to them that you listened. That builds trust. Be patient, persistent and consistent. Cultivate the relationship over time by leveraging technology to deliver highly relevant, hyper-personalized, value-oriented engagement experiences for each supporter based on what they said. Don't try to *move* them. Instead, enable them to *move* themselves through the stages of the consideration and decision-making process.

Reach out.

And finally, reach out to those supporters who raise their hands saying they are ready to engage with you on a deeper level so you can facilitate their understanding of how their gifts can help them realize the best versions of themselves.

That's it. Don't over-complicate it. Do that!

CHAPTER FOUR:
Engagement Fundraising

MY SIMPLEST EXPLANATION OF HOW ENGAGEMENT FUNDRAISING WORKS

Engagement fundraising (a phrase I coined many years ago) is powerful.

I've been talking about this for about 10 years (ever since I revamped my marketing agency to only work with nonprofits). But usually when people first hear me say "engagement fundraising", they look at me like I have two heads.

So here's my simplest explanation of how engagement fundraising works:

- Major and planned gift marketing is somewhat different because we're talking about big bucks and big decisions— this is not an impulse decision (like throwing coins into a bucket on the street)
- Content (useful, emotional, or entertaining information) is necessary to help major and planned gift donors move through the decision-making process because content educates, inspires and motivates
- Content is nonthreatening to donors
- Content can be conveniently available anytime, 24/7 (online)
- Content should be provided to supporters as "offers"
- These offers must provide value to the donor in order to draw them out (to get them to involve themselves with the content)
- The offers need to convert donor interest into action (most likely, at this point, deeper engagement)
- Micro-sites and landing pages online are the most convenient offer conversion mechanisms for donors (but direct mail response envelopes and the old fashioned telephone are great too)
- Once a conversion occurs, the engagement begins
- If the engagement you deliver provides true value to the donor, it will encourage them to engage further or motivate them to reciprocate by giving your organization money now (or at least allowing you to meet with them to discuss their needs and a possible gift)
- You must track and measure your donors' engagements with your organization online (in addition to the traditional measures: "moves", number of gifts and amounts given) because, the more they engage

online and the more value they receive, the more they will reciprocate with their giving
- When their engagement reaches or breaks past a certain level, you must reach out to the donor to provide them with an opportunity to make a major and/or planned gift (and they'll be glad you did!)
- Finally, as a result of all the valuable engagement you provided, they will be more loyal, they will give more frequently, they will make larger gifts and they will plan a gift to support your mission after their lifetime

So there you have it! Engagement fundraising is all about providing valuable offers to donors to encourage engagement so you can track your donors' levels of interest and reach out to them when they are ready for you to do so.

Engagement fundraising is fair and respectful. It's convenient for the donor. And it's highly cost-efficient and effective for you.

Oh… and last thing… you're board will love it because it's smarter to engage and cultivate relationships with major donors online. Why? Because that means you are leveraging technology. And your board knows that anytime you properly leverage technology, you get amazing results (increased donation revenue at drastically lower costs).

I hope that helps!

TOP 8 REASONS WHY YOU MIGHT WANT TO READ MY NEW BOOK: ENGAGEMENT FUNDRAISING

Here are 8 reasons why you might want to read my new book: *Engagement Fundraising*.

1. To better understand fundraising from the major donor perspective

2. To become aware of an unconventional (but common sense based) approach to fundraising

3. To avoid the common pitfalls of traditional fundraising tactics/strategies/advice

4. To be ahead of the curve and in-the-know about how to use technology to your advantage

5. To learn how Engagement Fundraising can help you become the fundraiser you always wanted to be, not someone who just "checks the box" on tasks that satisfy the board or leadership

6. To learn the fundamentals of building your own survey

7. To have better empathy and understanding of your donors

8. To be a facilitator, not just a fundraiser

CHAPTER FIVE:
Engagement Fundraising

IMAGINE: ONE EXTRA CALL EACH DAY

I simply love inspirational quotes. Here's one I recently came across from Thomas Edison. He once said, **"The successful person has a habit of doing the things failures don't like to do."**

That led me to think about calling donors.

Perhaps its not that we dislike calling donors. In fact, for many, it's their favorite thing to do. But finding the time to do it is always a challenge. Obstacles get thrown in our way each day almost every hour or even every minute.

But what would happen if your organization reached out and made just one more telephone call each day to a donor? To say thank you. To hear what they have to say. To ask advice. *Or, to ask for more support.*

Multiply that by about 200 days (business days) in the year. Multiply that by 2 staff members. Now 4. Now 10. Success isn't about big ideas or big strategy meetings. Success comes from doing the little things right, consistently, day in and day out. Success comes from doing things that failures don't like to (or can't) do.

Why not try to make just one more call today? Just imagine… that one call might be the icing on the cake that inspires a huge planned or major gift.

WHAT TO DO WHEN A SUPPORTER NOTIFIES YOU THAT THEY LEFT YOUR ORGANIZATION IN THEIR ESTATE PLAN BUT WON'T TAKE YOUR CALLS

I know, it's frustrating. You want to thank them but they won't respond to your outreach.

First things first. There are a bunch of reasons why they won't reply. Perhaps they are private people. Perhaps they're afraid you'll ask them for more money. Or, maybe they like to engage with *your organization and its mission*, but YOU are an entirely different story.

They have their reasons. But still, your job is to build relationships with supporters to ensure that their legacy intentions become realized (revenue). So what do you do?

Let's take a step back for a minute.

Before we go any further, I have to remind you that this isn't about you and it isn't about your boss either. No! For #@%&!'s sake, it's all about *them— the donor*.

Gain some empathy. Put yourself in their shoes. Recognize that, when they encounter your outreach, they're going to ask themselves, "Why should I take this call or respond? What's in it for me?"

Give to them first.

Never forget that people want value, especially when they are dealing with strangers. In this case, if they don't understand what value they'll gain from an engagement with you, they won't lean in to accept it.

Therefore, the only way to get them to engage is to provide value and make it easy for them to comprehend and appreciate.

What should you give them?

In many cases, when a supporter notifies you that they left your organization in their estate plan, I think you should offer them a donor survey. It's a fabulous 'opaque' offer that doesn't scream, "I want to confirm your plan, document it (for my boss) and learn more about the details of your gift!….. like how much????…… And, oh by the way, how are you feeling???"

At MarketSmart, we call this type of survey an *intends survey* since these folks said they *intend* to leave a gift). It's an easy offer to create and distribute. In fact, if you want to examine one, I encourage you to get a demo with one of our Solutionists.

Remember, your immediate goal should be to get them to engage.

I know, your boss wants to document the gift. That's great. But what does the donor want? That's the question you need to ask yourself. Do they want to document the gift as much as you want them to? Probably not. That's why you've got to give them a good reason to engage first.

Only then, once they've engaged, will you have a chance to build a relationship and finally document the gift.

Safety leads to engagement.

A survey is *safe for them*. It provides an opportunity for them to engage in arms-length dialogue with your organization (not really with you… at least not yet!) at a time and place of their choosing. In it you could ask questions like:

- Why did you make this gift?;
- Did you do it to honor or commemorate someone?;
- If so, who and why?;
- How would you like to be recognized and/or thanked?;
- Would you like to be included in our legacy society?
- Are you familiar with the benefits of joining the legacy society (for instance, you'll be given opportunities to engage with like-minded people)?;

- Would you like to share your story so others might do what you did?;
- Would you like to disclose the gift vehicle you used and the amount?;
- Would you like to be listed in the annual report?;
- Etc.

A survey is a win-win. It gives them something (an opportunity to have dialogue, provide feedback, and feel good about themselves for supporting your cause). And, it gives you valuable information you can use later to enhance your follow-up communications making your calls, letters, and emails exponentially more personalized and relevant— *for them*.

Temporarily put aside what your organization wants and give them what they want instead.

Think about it. This wonderful human being just let you know that they plan to make the ultimate gift to support your cause. That's amazing. It's beautiful. It's magical.

That's why, unless you already know the supporter well, your outreach should embrace the fact that they might not trust you— yet.

Be empathetic to *them*. Provide value for *them*. Offer them an opportunity to engage in dialogue in a way that is appropriate at this stage of the relationship. Then, when they return the survey, use the answers they provide to give to them even more. Provide more value so they'll engage again.

Finally then, when the relationship feels safe and fair to *them*, they'll give you what you and your boss want— mark my words.

ARE YOU AVOIDING YOUR DONORS?

Too often I've seen some 'fundraisers' do whatever they can to avoid actually talking to donors.

- "I can't call 'em yet. I'm waiting for the wealth screening.'"
- "I really should send a letter to first."
- "Well, we have this big event in 2 months. I'll meet her then."
- "I need to make sure someone else hasn't been talking to her before I call."
- "The annual fund team says she's 'their' donor and they don't want to 'lose the revenue'."
- "My portfolio is being refreshed."
- "I have too many internal meetings to attend."
- "I need to work on our case for support/message first."
- "I'm getting ready to get ready, and after that, I think I'll probably need to get ready a bit more."

Really?

There's never a good reason to avoid engagement, but there are tons of good reasons to reach out. Here are 5:

1. Plain and simple, your donors pay the bills, including your salary. You owe it to them to engage politely and persistently in ways that deliver value to them.

2. If you have their name and phone number, you have all you need to get started (although I do recommend you try to focus on the 80/20 so your time is used wisely).

3. Major and legacy gift fundraising takes time. Trust builds slowly. Therefore, every day you don't cultivate supporters, you're only pushing back your own finish line.

4. If you don't engage with them, another more dedicated and diligent fundraiser at another organization probably will.

5. More engaged donors, give more. Duh!

So quit making excuses. Pick up the phone and engage!

TOP 10 REASONS WHY GIFT OFFICERS WON'T MAKE OUTBOUND CALLS TO DONORS

The reasons why fundraisers won't make outbound calls to donors are because they are:

1. **FEARFUL:** They fear rejection.

2. **CONFUSED:** They don't know what to say.

3. **UNDISCIPLINED:** They haven't set aside time in their calendar.

4. **DISORGANIZED:** They haven't put a system in place for banging out the calls efficiently.

5. **DISTRACTED:** Their leadership or colleagues distract them with less important concerns (like meetings to discuss making calls).

6. **DISCONNECTED:** They feel they can't relate to the donor because the donor is better than them although they'll never admit it.

7. **OVERLY ANALYTICAL:** They mistakenly believe they need to do more research to 'get to know the donor.'

8. **IGNORANT:** They don't understand the value they and their outreach offer the donor.

9. **MEEK:** They don't want to seem pushy or desperate.

10. **PROUD:** They think calling donors is beneath them.

3 REASONS WHY YOUR DONORS AND DONOR PROSPECTS WON'T CALL YOU BACK

Frustration!

Recently I was visiting a customer and one of the fundraisers was very frustrated. Thanks to our system, lots of donors disclosed that they already left her organization in their estate plans and many more donor prospects said they might consider such a gift.

I felt her pain. She was clearly a very nice, caring person with a very warm heart. But her donors couldn't see that and they weren't calling her back.

"I don't understand!"

Walking into the meeting exasperated by the situation, she exclaimed, "I don't understand! Why won't they call me back?"

She continued saying, "after all, they left our organization in their estate plan" (as if that meant the donor should be more likely to respond to her outreach).

She's not alone.

I've heard the same comments from many other fundraisers. It's aggravating, isn't it? You call but they don't call you back. What's the deal?

Well, here are my top 3 reasons why they won't return your calls:

1. **They feel that you haven't given them a good reason to call you back!**

Your donors are busy. They have lots of things going on in their lives. You are competing with that '*noise*.' So when they hear your voicemail, they instantly ask themselves, "What's in it for me?" (Wiifm)

Then in a split second, usually, their conclusion is… "not much."

It's your job to answer the *Wiifm* value question in your voicemail in a way that inspires a return call. You've got to explain succinctly why they should call you back and what value/benefit they will get? If you haven't done that, they won't return your call.

Will you make them feel good? If so, how?

Will you give them something they don't already have? If so, what?

NOTE: Want a quick and easy way to determine whether or not your call adds value to them? Count how many times you say "you" vs. "**I**" in your voicemail. If you say, "**I** want to _____" or "**I** need to _____" then you're probably on the wrong track.

2. **They don't trust you.**

On my recent podcast with Jim Langley, he mentioned the fact that donors have become very cynical (with good reason). They've been burned by people in your role before and that has made them afraid to call you back.

They believe, if they return your call, they'll find that you were not really calling just to add value to *their* lives or just to say thank you. But, rather, you were adding value to yours!

In other words, they worry they'll get ensnared like a fly in a Venus flytrap. So, since they don't see how they'll gain value from calling you back and since they have no reason to trust you, they quickly hit delete and go on with their lives.

3. **There's no downside.**

Your supporters will ask themselves, "What will happen if I don't return the call?"

The answer: Nothing!

So why would they return your call? They don't owe you their politeness. Plus see #1 and #2 again.
Smart fundraisers figure out how to develop offers that build trust and deliver value. Then they communicate how their donors will benefit if they return their calls and how those same donors could lose out if they don't.

Your job isn't to make calls. It's to make calls that get returned.

Bottom line: Get over yourself.

The fact that they left your organization in their estate plan or have donated in the past doesn't entitle you to a return call.

They made their plan or gave because they love what your organization enables them to accomplish as a result of their giving. They trust your organization to do the right thing with their gifts. But they don't love and trust you. At least not yet.

You are not the organization. You're just the person leaving the voicemail message.

They owe you nothing. But if you think they do, then that's not just another reason why they won't call you back… it's a reason why they shouldn't.

If you think they owe you a return call, get over yourself quick!

Provide value, build trust and make an offer they can't refuse. Then you'll get more calls returned.

HOW I LEAVE VOICEMAIL MESSAGES THAT GET RETURNED

Generally here's how I leave messages that get returned:

1. **APPRECIATION: I say 'thank you'** (and I get sort of 'emotional and gracious' in my tone…. without going overboard). It's important to convey emotion so you sound relatable… human! But it must come from your heart. You can't fake it!

2. **FLATTERY: I say 'you are awesome'** (or some other statement basically letting them know how amazing they are).

3. **DONOR-CENTRICITY: I focus on them.** I recount what they wrote in a survey response or bring up some other pertinent connection point. Relevance and personalization is essential. It shows you really care about them and you did your research.

4. **INVITATION OFFER: I ask them to talk about themselves or give advice to us.** I give them an opportunity to gain value by engaging with me via a return phone call. For instance, I might say, "I wonder if you'd be so kind as to elaborate/provide feedback on that. I'm so curious about…. _____." OR, I might say, "It would be great to hear why you care…. more about your mom….. details about that story you mentioned with Professor so and so….. _____." In other words, I ask them to call back so they can give more feedback, tell me more about them, get involved, etc. This invitation IS an offer! People want to engage and tell an organization what they think, how they got involved, or how they feel.

5. **VALUE OFFER: I might instead or additionally offer something with no expectation for them to give at all.** In some cases I might offer to deliver some other more tangible value by saying something like this: "I'd really like to send you this video, ebook, report, podcast, etc." Or, I might say that I have all these things available and I'd love to know which they'd want.

6. **WRAP-UP: I ask them to call me back.** I say something like: "I know you must be very busy but I'd love to hear back from you. Don't worry, I'm not going to ask you for money or anything like that. I just want to" …….(recount what you said above).

7. **DETAILS: I give them two ways to respond.** I speak clearly and give them my telephone number (usually my cell number… and I let them know they are important and that's why I gave them my cell) AND I give them my email address since some people would rather communicate that way.

Bottom line: It's all about them! I show that I care about them and that calling me back will be good for them, not me. I provide value in line with their consideration stage and their interests. I act like a concierge and partner, not a fundraiser.

3 BIG REASONS WHY NOBODY TALKS ABOUT THE SINGLE MOST IMPORTANT FUNDRAISING TACTIC ON EARTH

Let's jump right in…. The single most important fundraising tactic on earth is appointment setting. There! I said it!

Don't believe me? The late Jerold Panas agrees with me. In is top-selling book *Mega Gifts*, he pointed out, "It is a plain fact of fundraising that it's often far more difficult to get an appointment than the gift." He continued by saying, "Getting the appointment is 85 percent of getting the gift."

Plus, remember, we're talking about major gifts and legacy gifts here and, if you're like most organizations, that's where around 90% of your revenue comes from. So that's where you should be focused. But that focus will run into a dead-end if you can't land the meeting.

Agree? I bet you do! But, sadly, hardly anyone ever talks about appointment-setting in the sector.

I've never seen a conference syllabus include a discussion on the topic. No webinars either. No books too. But if you want to learn about how to write grants or send out more junk mail, you'll find plenty of that everywhere you look.

So why isn't anyone talking about best practices for setting up meetings with major donor prospects and legacy donor prospects? I think there are 3 big reasons:

1. **Void.** Hardly anyone really knows how to do it well. I believe that's because hardly anyone teaches fundraisers how to do it.

2. **Vicious cycle.** Since the educational void exists, the result is a vicious cycle where people in the sector ignore the topic, like an elephant in a room.

3. **Temperament.** Many people in the sector are simply not cut-out for the role. They fear embarrassment or failure. They don't see the calls as offers and opportunities served up for donors. Instead, they see them as interruptions and annoyances. This is partly because they haven't been taught properly. But many, no matter how well they are educated, will still cringe as they imagine themselves making calls to people they do not know well.

If you've heard my story (which you can read in my book), you might remember that I first got into professional sales at the age of 14. Back then I learned that the only way to sell anything of serious value was to get face-to-face with a prospect. So, I walked up and down the streets of my neighborhood knocking on doors and ringing bells asking anyone who opened their door if they wanted their car washed and waxed. That was my first business! By getting face-to-face, my batting average was pretty good.

I later sold advertising space by walking into retail stores at strip malls and asking for the owner or manager. My next gig was at an ad agency (Pallace Inc.) that focused on direct mail marketing for nonprofits in the D.C. region. We had one computer in the office that everyone shared to type and print out personal letters. My job was to generate new business. In order to get face-to-face with prospects downtown, I made cold calls to set appointments for meetings using the telephone. I figure I made about ***30,000 cold calls*** in those days and I kept track of my "moves" with four-by-six-inch index cards and a pen. There was no internet and no email. That was back in 1994.

You'll get to watch me fail— and succeed as I set appointments with major donors.

Next month I'll be helping one of my beloved causes. I won't get into that too much here. For now, I'll just say that I'll be actually using my own software to qualify and prioritize major and legacy donor prospects. Then, I'll call people to engage them and eventually ask them to meet with the Executive Director of the Foundation whom I'll be helping. I'll try to record the calls and, of course, I'll tell you about my successes (and failures).

CHAPTER SIX:
Taxes, IRA Giving, and Donor-Advised Funds

3 REASONS WHY YOU NEED TO STOP WORRYING ABOUT THE DARN TAX LAW!!!

Tons of writers in major media have been fretting about the new tax law.

- "Tax bill could turn philanthropy into a pursuit only for the rich." – 12/23/17 Todd Frankel [Washington Post]
- "Nonprofits are the unintended victims of the new tax bill." – 12/29/17 Chris Gates [The Hill]
- "The sky is falling!" – 12/17/43 Chicken Little [Wikipedia]

Don't listen to naysayers and doomsday prognosticators.

I think they enjoy seeing blood on the streets. "If it bleeds, it leads." That's what I was taught as a journalism major.

Look, these reporters and analysts have been wrong about just about everything for quite a while.

Remember, almost 50 percent of all charitable donations come from the top one percent and 80 percent of all charitable donations come from the top 20 percent. Philanthropy is done by the rich. Charity is done by the rest of us. There is a difference.

Plus, charitable giving has mirrored the GDP for over 40 years. If the tax law increases GDP, nonprofits will benefit.

And, lastly, people give because it makes them feel good! It ain't about the tax write-offs.

Your job: Make people feel good! Provide value. Find out why they care and what interests them. Then, market to them in a highly-personalized, relevant fashion that elicits emotion.

Do that and you'll be just fine.

7 BIG REASONS WHY CAPACITY IS SO HARD TO UNCOVER (HOW THE RICH HIDE THEIR WEALTH)

Here's how the ultra-rich make sure you can't figure out how much money they really have:

1. They figure out ways to evade taxes entirely

2. They use offshore accounts and tax havens (although the government is clamping down on this)

3. They put assets in other people's names (usually with trusts for family members)

4. They might even create shell companies and layer them to make it hard to follow the trail

5. They never ever reveal how much they really make to anyone no matter what

6. They spread assets around in small bits.

7. They live modestly

9 REASONS WHY PEOPLE PUT MONEY IN HOLDING PENS (SUCH AS DAFS OR FOUNDATIONS) INSTEAD OF GIVING DIRECTLY RIGHT AWAY

1. **Indecisive.** They want and need to give and they might have organizations in mind, but they haven't decided where to give yet.

2. **Fearful.** They are afraid to give impulsively. They've done that before and encountered donor remorse. So they put the money in the holding pen as a 'circuit breaker'.

3. **Unprepared.** They have a good idea of which organization they want to give to but feel they still need to do their due diligence before they pull the trigger

4. **Uncertain.** They want to be sure they can make an impact and get the results they desire from their gift so they need more time to become convinced.

5. **Distrustful.** At this time, they feel that no organization is deserving of their money (possibly because the staff they've met with at various organizations has been off-putting, their missions seem unclear or they are not sure they can be trusted). Yet, they do believe they'll find a deserving 'partner' they can trust some day. So they put the money aside in hopes that that will happen sooner or later.

6. **Indignant.** The fundraisers they have met have not shown sincere interest in them, their life story and how it entwines with the mission, their goals and desires, and how they are hoping to find meaning in their life. So, they put the money in the holding pen figuring that special someone or 'some-cause' will come along showing interest in them, not just their money.

7. **Considerate.** They want to involve their significant other or their spouse. Putting the money aside as they discuss their options ensures that everyone's voice can be heard.

8. **Joyful?** Perhaps they believe (subconsciously) that, by using those instruments, they get to feel like they're giving the money twice. First when they move it to the 'holding pen' and then again when they recommend the money goes to its final destination. Therefore, they get a double dose of dopamine (the feel-good-drug).

9. **Greedy?** The tax write-off is always a nice incentive. But make no mistake, these people are charitable. They DO want their money to be used to help others. They are not hoarding it. If they simply were hoarders, they'd never put it in a DAF or foundation in the first place. Giving is still giving. A tax write-off only reduces the 'cost' of giving. If you give them value (a good reason to 'recommend' the money go to your cause) they'll make the recommendation in your favor.

10 REASONS WHY DONORS AND FUNDRAISERS LIKE ROLLOVER IRA GIVING

We're getting pretty good at marketing rollover IRAs here at MarketSmart.

Here are some of the things we've learned as we've crafted a value proposition that generates massive amounts of money for good causes.

NOTE: If you haven't cracked the code on seriously turning up the dial with your rollover IRA marketing, maybe it's time you contacted us?

1. Giving away the money they saved helps them **feel good** when they make a gift to support a cause they believe in;

2. Many people over 70 1/2 years old find that they do not need their IRA funds to support themselves, so they might find themselves taking one, lump-sum required minimum distribution (RMD) each year (usually in the 4th quarter). Instead, they could make a qualified charitable distribution (QCD) to avoid paying tax on the RMD (since it will increase their adjusted gross income). Then the QCD transferred directly to charity will likely also reduce their taxable income;

3. They also might like the fact that a QCD will probably simplify their tax returns;

4. Getting their 'custodian' (the institution responsible for safeguarding their financial assets) to transfer the funds is relatively easy;

5. Plus giving a QCD might make them happier because their yearly gift from their IRA is likely to be larger than their usual end-of-year donation by check or credit card. And, they can even give up to $100,000 annually per person so they can feel good knowing they are doing more to support a cause in which they believe.

6. And, leaving the IRA to a charity as a beneficiary in their estate plan is pretty darn easy and could reduce their taxable estate (if they need it to be below $11.2 million) while doing so might entitle the supporter to benefits you afford only to legacy society members.

Why fundraisers like Rollover IRAs

A. *Qualified charitable distributions* (QCDs)

1. QCD's might usually be much larger than a supporter's regular yearly (annual fund) donations;

2. QCD's could be 'gateway' gifts leading to larger major gifts during the supporters' lifetime or a bequest (assuming the fundraisers build relationships with the QCD donors);

B. Legacy gifts by beneficiary designation

3. The charity could get to keep what remains of the IRA when the donor dies if the charity is the sole beneficiary (although keeping a portion and splitting it with heirs is usually not so bad either);
4. IRAs tend to hold hundreds of thousands of dollars and continue to grow. Therefore IRA gifts to charity by beneficiary designation tend to be quite large.

11 REASONS WHY DONORS AND ORGANIZATIONS LOVE CHARITABLE GIFT ANNUITIES

Why donors like CGAs

1. CGAs help them feel good because they get to make a gift to support a cause they believe in while also getting the benefit of a financial payout in return for as long as they live;

2. They help donors get a reliable, fixed income until death (which may be particularly attractive for people who are concerned about outliving the amount they have saved);

3. They help donors gain tax advantages:

Could get an income tax deduction now for making the charitable donation;

May possibly lower their income tax the year the donation was made;

Portions of each gift annuity payment might also be tax-free because they might be considered a return on the original principal;

4. They give supporters a vehicle for doing good with money they feel they do not want to pass on to others (besides the charity);

5. As a result of the fact that the money goes to the organization after the donor's death, most CGAs provide higher payout rates when compared with CDs, Treasury bonds, or money market accounts making them very attractive;

6. They are easy to understand and simple to execute.

Why organizations like CGAs

1. The charity gets to keep what remains of the annuity when the donor dies (as long as the donor doesn't outlive their life expectancy);

2. They employ the law of reciprocity to encourage hesitant donors to make a donation (because they will receive something in return);

3. They widen the funnel because CGAs can generate donations from people who don't necessarily support the cause passionately but want the benefits associated with the instrument;

4. They tie the organization and the donor together in a long-term relationship that can result in additional giving opportunities such as gift annuities, bequests (after their lifetime) and even major gifts (during their lifetime);

5. They provide flexibility with regard to how the nonprofit uses the money/donation:

Use the money/gift immediately;

Invest the money/gift to generate earnings used to make the payments to the donor;

Possibly even sell the annuity (usually done in bulk).

CHAPTER SEVEN:
Wealth and Philanthropy

ARE YOU CHASING WEALTHY PEOPLE OR PHILANTHROPISTS?

Wealthy people are not necessarily philanthropists. But philanthropists are usually wealthy.

When organizations develop their lists, I think, perhaps, a little too much attention is paid to capacity while not enough attention is paid to uncovering a supporter's philanthropic mindset and whether or not the organization's strategic objectives align with their personal mission.

Don't get me wrong. Wealth screening is great. It helps you uncover which people have the assets and the means to make impactful gifts. It helps you identify capacity.

But wealth isn't enough!

If you're only screening people for wealth, you're only scratching the surface. Uncover philanthropic inclinations and you'll go much further much faster with much greater results (in dollars) to show for your efforts. And, nowadays determining whether or not someone has a philanthropic mindset can be done at very little cost.

Sure, wealthy people have the capacity to give. But philanthropists are much easier to engage in giving.

THE DIFFERENCE BETWEEN WEALTH SCREENING AND WEALTH APPENDING

First, wealth screening.

Over the past 10 to 20 years, wealth screening has become a common practice for fundraising shops. But staff should always remember that wealth screening is just a tool. And, tools can be used to break stuff as much as they can be used to build stuff.

Or, in some cases, staff might actually use wealth screening to delay their activities. "I can't make my calls yet because I'm waiting for the vendor to send me the wealth-screened list," they might say.

Use it to narrow down a list not build a portfolio.

After all, wealth screening is just that — a *screening*. It is not a portfolio building tool. Instead, it is a filter designed to help you cull your list prior to outreach for qualification purposes. Remember, you still must *qualify* any wealth screened supporter for passion and interest before you assign them to your major or legacy gift portfolio.

In other words, you have to understand why each donor in your portfolio cares and whether or not your cause entwines with their life story in addition to whether or not they are wealthy and want to have a relationship with you, not just your organization.

Wealth alone is an indicator of nothing much. Yet, I've heard board members or leaders command their staff saying, "Call _____ , she has a lot of money!" This is probably one of the many reasons why fundraising shops have such high turnover.

Understand what you really get with wealth screening.

I hate to burst your bubble but wealth screens are *not* exceptionally accurate indicators of wealth anyway. Wow! Can you believe I said that?

Well, NEWS FLASH… wealthy people are really good at hiding their true capacity. They didn't get wealthy being stupid! So, at all costs, try to avoid reaching out to people just because the wealth screening said they are wealthy. Doing it that way will result in lots of dead-ends, wasted time and sunk costs.

Instead, you should try to find people who are passionate about your cause first, then screen them for wealth.

Put another way, once the list has been 'distilled' for potential wealth, then you should further qualify it but not with prospect research. And, yes, I DID just say that!

Prospect research is expensive and time-consuming while the best, fastest and most cost-effective way to further qualify your list is actually with donor lead generation and donor self-qualification.

Let me repeat that: The best way to further qualify your list is with donor lead generation and donor self-qualification.

Donor lead generation using your refined ('wealth-screened' list).

Donor lead generation involves an offer that provides value to your prospect donor. We've found that donor surveys work best and I directed the development of the most powerful and most used donor survey platform in the world (employed by the most respected charities and institutions worldwide). Plus, you don't necessarily even need to wealth screen your list. Many nowadays are skipping that stage since our surveys inspire hi-capacity supporters to self-report their wealth.

I'm serious! We have helped donors answer questions about whether or not they have family foundations or donor-advised funds, how many properties they own, their business interests, etc. Plus, we've also asked if they'd like to use those means to fund initiatives and they've said, "Yes!"

Donor self-qualification.
Now that you understand that wealth screening should be used to cull your list (or not used at all), you need to recognize that a well-developed,

tested and proven survey can help your supporters *qualify themselves for your portfolio*.

With a survey you'll quickly and efficiently understand why they care, their level of passion, how your cause compares to others in their hearts and minds, and so on.

The value of this kind of low-cost donor self-qualification cannot be understated. Supporters qualifying themselves are essentially leaning in saying, "Yes! I want you to cultivate a relationship with me so I can learn how I can make a difference using my wealth to essentially purchase empowerment."

You simply can't get better qualified than that and no amount of wealth screening or prospect research will ever match that kind of intelligence gathered directly from your supporters.

Finally, now it's time for wealth appending.

Assuming you decided to forgo the wealth screening and, instead, you employed a donor survey first, you will have generated leads that include hi-value, super-passionate donor prospects. They will have leaned in and that's great. So now you will need to prioritize them. And one of the best ways to do that is, indeed, with *wealth appending*.

Basically, you take your 'donor self-qualified' list and add information about capacity to it from outside sources so you can prioritize your outreach.

Keep in mind that every donor call and visit costs your organization money. Being judicious about how you spend your time is important. Add all the wealth information you can but don't forget the donor's verbatims and digital body language.

Donor verbatims and digital body language take precedence over wealth screening and wealth appending.

Yep! I said that too.

Read it again if you must. It's a new day. Fundraising *HAS* changed.

The best method for prioritizing your outreach is based on what the donor says and what they do online (when they aren't with you).

For instance, if your donor prospect keeps watching a video about how they can get their name on the new building, the centerpiece of your capital campaign, I'd bet that's a good indicator you should act upon.

Don't you agree?

Last thing… recency of online engagement.

Once you've got all that going
….you've qualified your list based on passion;
….you've prioritized your list based on wealth;
….and you've monitored your list based on verbatims and digital body language…
….you'll want to rely heavily on recency of online engagement, not recency of their last donation as your best indicator for timely outreach.

Simply stated, when it comes to major donors, their last transaction doesn't necessarily indicate interest in *meeting with you*. But recency of online engagement (for instance, engaging at 3 am with your online list of naming opportunities for that new building) does!

Next steps.

So what will you do and in what order will you do it? Wealth screening first? A survey first? Wealth appending later?

If you've been struggling with determining who to call and visit, maybe you should **call us first at 301-289-3670 and try my extension at X174.** Yes! I do try to answer my own phone. I'll help you get squared away quickly and cost-effectively so you can raise more money more efficiently in no time.

7 REASONS WHY WEALTH SCREENING YOUR DONOR LIST MIGHT BE AN INCREDIBLY FOOLISH ACTIVITY

Before you send me angry responses to this headline, know these two things first:

What I've written is NOT coming just from me. I gathered this list after hearing what 5 different leaders in the sector told me. (Note: None of them wanted to be listed in this article. Maybe the headline had something to do with that.)

Also, I DO believe that wealth information is valuable. Of course it is! If you've been reading this blog for any amount of time, you know that my mission is to help nonprofits raise more money more efficiently. Wealth information helps them do that.

Having said that, here are 7 reasons why wealth screening *might* be a foolish activity:

1. **The data you get back is overwhelming.** It buries and paralyzes fundraisers. It's too much. Most of it goes unused. Wouldn't it be great if you only paid for the data you used?

2. **The information is confusing.** You might end up with 17 "David Millers." Which one is your donor? Do they really care about your mission?

3. **The information doesn't tell you *why* they care and *what* you should say to them when you call.** Pretty much all you learn from wealth screening is that they have capacity. You won't understand what's in their heart, who inspired them to care about your cause, how they like to give (appreciated assets, real estate, cash?), if they have children, do they have a donor-advised fund or a family foundation, and so much more.

4. **You might learn that they're giving to your competition. So what!?!** So that shows that they might care about a similar cause. Ok. But then you better hope that they are not being stewarded properly. If so, your value proposition better be much more worthy of support. Plus, just like stocks, past performance is not an indicator of future success.

5. **The investment is costly.** You don't only pay for the screening. You also pay for the time you spend analyzing it, understanding it and sorting it (or for the consultant's time you hire to help you do that). Time IS money.

6. **Turnover makes it even worse.** If a fundraiser gets hired and gets wealth screening done but leave after just a year, who's working the list? Then 6 months later you hire someone new and what do they want? More wealth screening!

7. **Most of the donors won't be 'ready' for your outreach.** Just because someone shows up on a wealth screening doesn't mean they want you to call them. You still have to bridge the chasm between distrust and trust. Identifying a donor prospect can be helpful to direct you toward the right people, but getting them 'ready' to welcome and accept your outreach is a whole other story.

DONOR TARGET ASK AMOUNTS OFFEND ME

I keep seeing software or wealth screening companies providing fundraisers with target ask amounts.

I don't get it. How on earth can a software provider or wealth screener (or, sometimes, even a prospect researcher) *assume* a 'target ask amount' without having had a single conversation with the donor?

I find this offensive and I think your donors might too.

And besides, wealth screening is rarely accurate since affluent supporters know how to hide their money.

Plus, this is not the right stage of the process to make assumptions. First, you should qualify the donors for your caseload (portfolio).

In other words, you need to see if they even want to have a relationship with you at all.

Then, you need to get to know them as they get to know (and trust) you.

Only after they've qualified themselves, opted-into a relationship with you, shown signs of interest, and perhaps hinted at how much they might give can you put an ask amount next to their name.

I think unless you already know the donor, presupposing is dreaming. Guesswork. A hunch! Why bother spending time on that kind of nonsense?

Instead, spend time qualifying your supporters. Or better yet, put effort into helping them *qualify themselves*. Then you'll be able to assign *real target ask amounts* to your spreadsheets.

I think that's more fair, and realistic.

CHAPTER EIGHT:
Have Some Fun With MarketSmart's Word Search

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                    M A J O R G I F T O
                  Z E A P H H M S Q L N F Q H I W
              H W K K Z B J R B J O S C I R Z I P E S
            I D A F W I D G E T G E Q L G X G A D O I R
        R E K A M T F I G Y E V R U S C Y F W R D E D U C E
      B E Q U E S T C A L C U L A T O R C Q Q K N M V C M M R
    G R E G W A R N E R B O S S I K G K A K X O R D D E A C N U
  M G V Z T E S T I M O N I A L S F Y W G U N I O E F S L S Y I R
  K I B T V B D I       N O M H J H C E       B P Y E O T M A
V N B N N K A W N       E L Z F Y W I L       C V O V H P S V E
S P Y D A E P E Z S     O U X Y B S P O       Z H R R K U M G B M
E D S W M M V A E O     I O L S U O G S       T B E L A S Z E K W
G M I E S K E R A X W   G Z G A P X M O       B V Z Q N R Q V N F J
N A G I E M G E C P F   C M G G V V Q B       E C O U R S E F Z T F
I J I G C R A C H H I   E V I T A E R C       R D A S H B O A R D M
D S L T O I H N I A I M O R C T D Z Q Z       M E G A G I F T S W M T
R I L A L V U A P R L U S D A E L D E I F I L A U Q D N I M E H T E D I S N I N
A A E L O R Z M R I A U F V M W A K I D I R E C T M A I L S A E Q O I R K R W E
C R S B N E D T O T N X B N G F R C O M P L A C E N C Y L K M A R K E T I N G M
T D S O H S L C C Y T K N G I A P M A C L A T I P A C C S Q J I O Y H T A P M E
R N U D C T O U I X H W O R K S M A R T N O T H A R D H Q U V M T T Y C A C J G
O U R Y E N D D T R R S T H G I R L A M I N A X S L D G R D K S C A W V R V D A
P F R L T E U O Y M O M G U P T Z U T R F M M S T H G I R N A M U H B E L F P G
E B D A E M   R Q M P S M A R T I D E A S U Y V U S H V E H F E J   D R N J D N
R X K N V E   P F F Y R B K H A W E I Q F X M E R I T O C R A C Y   P I E F P E
R Y G I G     M W H I D J U L M M C I T Y O F H O P E F B H L     A P X V Y
W S U T A       Q N H Z S A U K R O W T A H T S D R O W C G       R X L F Z
U O A A G P                                                     O K Q A X Z
Q G V N V                                                     P G S C T S
R E O E C Z                                                   O H T S S Y Y
I N W K E B                                                 S O L O M E Z
L N O O V V R                                             A L U L S V G Z
I X E C N E I R E P X E Y E N S I D J K P Y F Q L O S U E R N R
X C A N O I T A V I T L U C D T W M Z Y K G S C E T E U I K
L L M M A J O R G I F T M O T I V A T O R R R I M S R A
C O N S U L T A N T S H I W C M W Z K A E O O J O L
L H M M O D S I W F O S D R O W I C G N R L C B
G O R T I F O R P N O N I H Y Y I E I S
M A R K E T S M A R T H U S F Y
P Z Y Y H L T H N T
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SURVEYS
TESTIMONIALS
VALUE
VERBATIMS
WORDSOFWISDOM
WORDSTHATWORK
WORKSMARTNOTHARD

ABOUT THE AUTHOR

In 2007 MarketSmart's founder, Greg Warner, received a newsletter from one of his beloved charities, which sought to generate leads for its planned giving department. He decided to call them to see if their impersonal, interruptive, mass-marketing approach was working well. It was not.

So, Greg decided to improve the effectiveness of the charity's lead generation and cultivation efforts with a fresh strategy. After implementing Greg's plan, the organization generated more highly qualified leads — and found more legacy gifts — than it had previously uncovered in any single marketing campaign, ever.

After that initial success, Greg recognized that the greatest transfer of wealth in U.S. history was imminent and decided to act. He realized that by combining his firm's understanding of technology with savvy marketing strategies and superior sales skills, MarketSmart could help nonprofit organizations increase the scale of their major gift and planned giving marketing efforts with greater efficiency. The firm's cornerstone engagement fundraising platform uses cutting-edge tracking technologies to help fundraisers zero-in on and effectively cultivate donors who are most likely to deliver large, major or legacy gifts.

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