



# Avoid Disaster when Asking for Large Gifts

*Don't assume that traditional fundraising methods always apply. You may have to gore some sacred cows.*

BY THOMAS K. KELLER

**T**oo much reliance on the tried-and-true can cause a train wreck. At least one staff member at the Disabled American Veterans (DAV)<sup>1</sup> felt as if he'd been hit by a train one afternoon when he phoned a donor to thank him for a \$10,000 contribution.

"What the h\_\_\_ are you calling me for?" the donor demanded. This was in 1995, in the infancy of DAV's planned giving program. The organization was depending on the conventional wisdom that personal contact is essential to donor cultivation. The last thing anyone expected was a nuclear detonation in response to a simple thank-you call.

This angry response isn't typical of what DAV encounters when phoning its donors, but it *was* a wake-up call. It forced the organization's new Planned Giving Department to recognize the truth: DAV solicits its donors and recruits its members through direct mail. Thus, its relationship with its donors and members is quite different from the personal relationships on which traditional planned giving depends.

DAV's Planned Giving Department did find an escape route—and rather quickly. Along the way, it found itself goring a number of the planned giving profession's most sacred cows.

## What If Conventional Wisdom Doesn't Apply?

Let's take a look at what went wrong with each of the conventional wisdoms DAV tried, unsuccessfully, to apply. Then we'll see how the organization resolved the resulting problems.

### Conventional Wisdom #1

**Face-to-face cultivation is always necessary.** The first thing DAV's planned giving professionals did was analyze the organization's member and donor lists. They identified people most likely to make significant gifts and pinpointed a few cities in which many of those people lived. Next, staff members visited those cities to discuss DAV's planned-giving program with the prospects who lived there. The costs were staggering, and DAV made only \$5,000 from this effort. There was simply no way to justify the expense.

### Conventional Wisdom #2

**Volunteers are essential to successful cultivation.** DAV has some wonderful volunteer leadership. There's no shortage of disabled veterans who are ready to help in any way. But, when asked to work on donor cultivation, these volunteers

lost patience when they didn't see immediate results. They wanted a quick close, and they just couldn't maintain the continuing focus necessary for long-range cultivation.

### Conventional Wisdom #3

**It's imperative that volunteers make the asks.** If volunteers weren't going to do the cultivation, what was the point in asking them to handle the close?

### Conventional Wisdom #4

**The CEO must be involved.** DAV introduced its CEO to the cultivation process by asking him to make thank-you calls to the organization's 20 best major donors during the Planned Giving Department's first year. Trying to preclude a bad experience, DAV's planned-giving professionals dropped calls to New York, Washington, Chicago, and Los Angeles—cities where donors are more likely to be blunt in exchanges with the staff of charities. The first year went fine. The second year included calls into Los Angeles County and the suburbs of Washington, D.C. The CEO hasn't made a donor call since. The hesitancy of

Nonprofit World • Volume 18, Number 2 March/April 2000  
Published by the Society for Nonprofit Organizations  
6314 Odana Road, Suite 1, Madison, WI 53719 • (608) 274-9777  
www.danenet.org/snpo



CEOs to contact donors is a reality many charities have to cope with; the problem is hardly unique to DAV.

### Conventional Wisdom #5

**Mail plays only a minor role in generating significant gifts.** That precept may be true for many organizations, but it just doesn't play in an organization like DAV that's driven, top to bottom, by direct mail.

### Is It Possible to Create a New Fundraising Model?

There's another tried-and-true conventional wisdom that applies here, one borrowed from the direct marketing industry: "As acquired, so renewed." DAV acquires its donors with direct mail. It cultivates their long-term support with the same medium. Not surprisingly, when the traditional planned-giving model failed, the organization applied direct-mail techniques to construct a new cultivation model.

Here's how it went. While road trips weren't achieving much at all, DAV's planned-giving professionals were seeing substantial success making phone contact with likely prospects. If DAV could figure out a way to get one step *beyond* the mail and *onto* the telephone, that would be the key.

What was needed was prospect qualification, specifically *direct-mail* qualification. If DAV could qualify its planned-giving and major-gift prospects through direct mail—the medium to which they were accustomed in their relationship with the organization—the planned-giving staff could focus their phone calls on those most likely to yield positive outcomes.

In essence, the organization needed to determine the elementary L-I-A factors that, according to Henry Rosso,<sup>2</sup> govern whether someone will make a large donation or planned gift. L-I-A stands for linkage, interest, and ability. Here's how DAV uses

these three factors to qualify its prospects:

**Linkage** is a problem for DAV—at least in comparison to the door-opening, social networks that a symphony, museum, or university might have. Direct-mail charities like DAV are better served by the model developed by Kay Sprinkel Grace. Examining the same motivational factors as Rosso, Grace expounds a model based on three words beginning with C: connection, concern, and capacity.<sup>3</sup> The concept of "connection" works better for DAV than Rosso's notion of "linkage." DAV has a solid understanding of how various constituencies are connected to the organization: Some are donors. Some are disabled veterans who belong to DAV as fraternal members. Some are veterans' families, who are members of DAV Auxiliary. After working through the mail for three-quarters of a century, DAV may not have the social and business networks that Rosso's model envisions, but it does have clear-cut *connections*.

**Interest** is easy enough to determine. DAV uses several factors to measure a donor or member's history with the organization. These factors include longevity and frequency of donations, size of past gifts, volunteer activity in DAV's programs, volunteer leadership positions held, and demographic factors such as marital status and children. Because interest peaks after 60, age is also helpful in spotting potential interest in planning an estate gift.

**Ability** to give is a critical issue. Here DAV uses standard demographic measurements—including data on age, income, and assets—to determine who among its members and donors have the capacity to make large gifts.

L-I-A: that's how DAV scours its current donor and membership files to build mailing lists for planned-giving campaigns. Now, when the organization mails to these folks, it's not looking for current—that is, immediate—gifts. It's looking for a way to rank supporters as qualified prospects. A couple of examples will show how simple this process can be.

Each DAV mailing includes an 800 number and a response form with some simple questions designed to get the prospect to self-qualify. Self-qualification will happen either on the telephone or on the response form.

Let's say the organization is promoting the *charitable gift annuity*—a gift that offers a life income to the donor. Here are the four levels of prospect qualification:

1. If donors call the 800 number, they're definitely interested. DAV starts cultivating right away, collecting the data needed to create a gift illustration that shows what kind of income an annuity will provide the donor.
2. When donors mail back a response form asking for a gift illustration and providing the data needed to generate one, they qualify at the second highest level. Planned-giving professionals will call. They'll also send these donors DAV's planned-giving newsletter, even if they don't give. Sometimes these things take time.
3. When donors use the response form just to request a brochure or general information, they place themselves at the third level—basically on the back burner unless the brochure prompts them to request a gift illustration.
4. If they don't respond, they don't have much promise, and DAV's small Planned Giving Department

**The key was getting beyond mail and onto the phone.**



These resources are available through the Society for Nonprofit Organizations' Resource Center (608-274-9777).

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doesn't have the time to do any more.

Now, what if DAV is asking people to make an *estate* gift—that is, to remember the organization in their wills or trust instruments? Here, there are five levels of qualification:

1. Once again, a call to DAV's 800 number puts them on the top of the list.

2. If their response form says DAV is already listed in their will or trust, they go straight into DAV's legacy society. DAV sends them a certificate, calls them on the phone, and strokes the dickens out of them.

3. If the form says they're considering including DAV in their estate plans, they'll get a second mailing, very warm and fuzzy. They'll also get DAV's donor newsletter for a while. Perhaps DAV will call.

4. If they simply request a brochure, DAV will send it but won't do more unless the prospect gets in touch.

5. DAV doesn't bother with non-respondents.

Like most charities, even the largest, DAV has a relatively small staff working in the areas of major gifts and planned giving. These professionals must budget their time. These levels of qualification help DAV do that very effectively.

### Is It Working?

The proof is in the pudding, and few charities can match DAV's results. In the first five years of its planned giving initiative, DAV issued \$1.2 million in charitable gift annuities—half a million dollars in one year alone. The organization also generated 846 known bequest and trust expectancies, more than many

organizations have generated in decades of institutional history. Those expectancies have a present value of \$18.1 million.

There are other benefits as well. The new model keeps people out of airports and in their offices. Thus, DAV is able to generate large gifts with relatively little expense. Nearly all of DAV's success comes through telephone contact from the organization's national headquarters in Cincinnati. DAV simply hasn't needed to do all the traveling that so many assume is part of the game in planned gift cultivation.

Yes, they re-invented the wheel at DAV. They had to. But it's working.



#### Footnotes

<sup>1</sup>This article is based on the experience of the Disabled American Veterans, where the author worked from 1976 to 1999. At DAV, direct mail in an annual fund environment is the principal means of fundraising, accounting for roughly three quarters of total revenues in any given year.

<sup>2</sup>Rosso, Henry A., ed., *Achieving Excellence in Fundraising: A Comprehensive Guide to Principles, Strategies, Methods*, Jossey-Bass, Inc., Publishers, San Francisco, 1991, p. 29.

<sup>3</sup>Grace, Kay Sprinkel, *Beyond Fundraising: New Strategies for Nonprofit Innovation and Investment*, John Wiley & Sons, Inc., New York, pp. 30-31. To order, call 608-274-9777.

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