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Are You Positioned to Grow? Analyzing Your Community Foundation Platform for Fundraising Success

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ARE YOU POSITIONED TO GROW? ANALYZING YOUR COMMUNITY FOUNDATION FOR FUNDRAISING SUCCESS

Kathryn W. Miree[1]

I. The Community Foundation Fundraising Culture

A. Should Community Foundations Be Fundraisers?

Should community foundations be fundraisers? As obvious as the answer may sound to any nonprofit (Yes! Of course!), any discussion of fundraising readiness must begin with a discussion of community foundation fundraising culture. Until the last decade, most community foundations went out of their way to ensure they were not perceived as fundraisers. Community foundations offered a flexible platform, donor services, and nonprofit expertise and were willing to accommodate any and all donors who wanted to use that platform.

There were many reasons community foundations did not actively raise funds in the community:

- The foundation did not want to compete with local nonprofits;
- That foundation did not feel it was an appropriate role - rather, their role was to encourage philanthropy in all forms and to serve those who needed their services; and
- Building a fundraising staff would increase costs, thereby decreasing funds available for grant making.

In other words, for decades most community foundations have positioned and staffed themselves to respond to donor needs rather than to proactively engage donors. This culture of being a responsive entity rather than a proactive entity means the foundation may have focused extensively on professional advisors, but spent very little time in conversation with its donors or in gathering critical information that guides donors conversations. It also means that any fundraising program must drive and be driven by a change in the foundation's culture, which is often the most challenging piece of the puzzle.

B. A Shifting Focus

1. The Increasing Shift to Proactive Grantmaking and Permanent Funds

Over the last ten years there has been a significant shift in community foundations' attitudes on fundraising as there has been increasing emphasis on building permanent funds. This emphasis accompanies the steps community foundations have taken to be more proactive in their grant making, which requires larger pools of unrestricted grant dollars and larger pools of resources to make a significant impact on identified community projects.

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2. A Change in Attitude - and Focus on Deferred Gifts

One of the most effective ways to build permanent funds is through estate gifts which in turn is driven by a successful gift planning program. For those foundation executives who have been the recipient of "surprise" estate gifts, it may seem that the funds simply fall from the skies (or come from professional advisors) and that it is not necessary to invest the time, resources (data management, marketing materials), or staff to formalize the program.

The most common mistake most nonprofits executives make in managing their planned giving program is that they read their bequest revenue and use that annual revenue to analyze the program's success, its potential, and the need to invest. For example:

> *Example A*: The organization has never engaged in a planned giving program. A woman unknown to current staff dies and leaves the organization $250,000. Interpretation: There's no need to put a formal bequest or planned giving program in place because donors will simply make gifts. The revenue will drop from the sky.
>
> *Example B*: The organization has two straight years of bequest gifts. In year one they received 2 gifts with a value of $75,000, and in year two they received three gifts totaling $100,000. They see a trend and budget a 10% year over year increase for the next three years.
>
> *Example C*: The organization, after eight years of steady bequest revenue ranging from $200,000 to $900,000 has had two years in which there is no bequest revenue. They determine the planned giving program has played out, that donors are no longer making bequest gifts and they shut down the program down because it is too expensive to run without revenue.

Do these conclusions sound ridiculous? Misinformed? Presumptive? They are all of those and leave planned giving officers shaking their heads. However, without additional data and ongoing reporting, that is the only barometer executive staff may have to make decisions.

II. Audit Your Fundraising Platform Readiness

A. Your Foundation's History

Start with the basics and make an honest assessment of your foundation's history. If you are asking donors to invest in the future of the community (and make perpetual gifts) through the foundation, then making the case that the foundation is there to serve the community perpetually is important, just as it is important to show how the foundation has grown and had an impact over the time it has been in existence. This is obviously easier for those foundations with 50-year plus histories, but it is also possible for those with shorter histories. Create a sample timeline such as that shown in Table 1. Share it with board members as part of the board education process, include it in your annual report, and embed it on your foundation's website. Include such events as milestones in assets, milestones in donor and fund counts, significant collaborative projects with impact on the community, significant recognition, new initiatives sparked by the foundation, and similar milestone events. The goal should be to emphasize the expanding role the foundation plays in providing leadership to community funders, attracting funds for community needs, and leveraging the impact of donor dollars.

TABLE 1
SIGNIFICANT MOMENTS IN THE GOTHAM CITY COMMUNITY FOUNDATION'S ORGANIZATIONAL HISTORY

Date	*Significant Moments in the Nonprofit's Organizational History*	*Significant Moments in the Nonprofit'a Development History*
1953		The foundation is established through a significant gift through the estate of Bat Manderson
1965	The foundation establishes it's 100th fund.	The foundation reaches reaches $25 million in grants since inception
1970		The foundation participates with donors and foundations in the community to create a system of city parks.
1995	The foundation reaches $75 million in assets, and has 225 funds for purposes including environmental protection, healthcare, education, religion, recreation, human services, and animal care.	The foundation receives $10 million in new gifts from 84 donors.
2003	Foundation celebrates its 50th year and launches Catalyst Campaign to provide funds to spark broad community initiatives.	Campaign raises $7.5 million in first year.
2005		Chemical Bank purchase of First Community Bank (headquartered in Gotham City results in $10 million in foundation additions.
2009	Foundation named financial coordinator for federal funds for walking trail that connects all segments of the city; foundation donors and local nonprofits and foundations add dollars to secure full grant funds.	First segment of the Red Rock Trail is opened; Gotham City is recognized for this significant addition to the city's recreational resources.
2012	Catalyst donors select downtown park development as first project; the park is designed as part of a coordinated plan for economic revitalization of the downtown Gotham City area.	Catalyst Campaign concludes raising $15 million
2014	Foundation assets top $200 million; cumulative grants made by the foundation top $400,000 million. Foundation participates in city-wide crime reduction program with a goal of reducing crime by more than 50% involving Gotham City Police Department, Gotham County District Attorney's Office, and U.S. Attorney's Office.	Foundation receives gift to establish it's 350th fund.

B. Track Your Foundation's Giving History

1. Overview of All Funds

Historical data on the number of new gifts, new/returning donors, and new funds/additions provides insight into the foundation's growth, and serves as a baseline to measure progress once you develop and implement fundraising strategies. How far back can you track your annual statistics? Table 2 provides a simple way to track your key fundraising results on a year over year basis. You may want to add additional metrics, for example to measure gifts added to new funds, gifts added to existing funds, or new endowed assets.

TABLE 2
KEY FUNDRAISING METRICS BY YEAR

	2008	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*
Number of Gifts from New Donors							
$ Value of Gifts Associated with New Donors							
Number of Gifts from Returning Donors							
$ Value of Gifts Associated with Returning Donors							
Number of New Funds							
Total value of all Gifts for the Year							
Total Value of all Funds at Year End							
Total Number of Funds at Year End							
Value of Endowed Assets at Year End							

If you have trouble finding and assembling this data long-term, it is an indication that you will want to build strength in your data management, metrics, and reporting platforms.

2. Track Your Planned Gift Cash Flow

Planned gift cash flow can easily get lost in cash receipts unless it is clearly tracked. Tracking the revenue from planned gifs is important because:

- It makes the case for the value of the program.
- It shows you the gifts of greatest interest to your donor base.
- It can reflect the results of long-term marketing.
- It reflects trends, responses to economic downturns, and similar insights.

TABLE 3
TEN YEARS REALIZED PLANNED GIFTS

	2004	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*% of All Revenue*
Realized Bequests under Wills											
Realized Testamentary Gifts - Revocable Trusts											
Realized Testamentary Gifts - Other Trust Distributions											
Retirement plan or IRA Beneficiary Distributions											
New charitable gift annuities											
New charitable remainder annuity trusts (irrevocable beneficiary, trustee)											
New Charitable remainder unitrusts (irrevocable beneficiary, trustee)											
Charitable remainder trust remainders - annuity and unitrust, outside trustee											
Insurance beneficiary											
Retained life estates											
Bargain sales											
Other											
Total											

3. Determine Your Bequest and Deferred Gift Averages

Since bequest giving may be the single greatest source of permanent funds and will likely be a key strategic element of your fundraising program, gather the data specifically related to bequests and other deferred gifts. Bequest giving can become anecdotal in a hurry. One large gift, or a couple of years of that miss budgeted bequest targets can skew an organization's perception of the program. The bequest history is one of the critical pieces of the bequest analysis and bequest projection process that is unique to your organization. Go back as far as possible and gather the data. Follow these rules as you put together your bequest history:

1) Bequest payments may come in in a single payment, or in a series of three or more payments over the course of several years. Pull all distributions from a single estate into one figure. If you count each payment as an estate, it will not give you an accurate picture of the number of estates you receive each year or the average estate size.

2) Post the total payments in the year the first payment is received. While the executor - especially with larger, taxable estates - may be slow to pay out the full amount, the amount accrues to the organization in the year of death. This will more accurately reflect the estate flow.

3) Adjust the estate totals annually. For example, if I prepare the report for 2011, and Ann Smith died in 2011 and distributes an initial partial payment, and I then receive distributions in 2012 and 2013, I will need to adjust the estate total for Ann Smith to reflect the additional distributions.

Table 4 provides one method of tracking these estates.

TABLE 4
HISTORICAL BEQUESTS

Year/Decedent	Bequest Amount	Average
1953		
Bat Manderson	$3,000,000	$3,000,000
1965		
Robin Smith	$2,000,000	$2,000,000
2010		
Ann Smith	$50,000	
Troy Angle	$175,000	$112,500
2011		
Bobby Best	$1,000,000	
Sandy Wilson	$10,000	
Tom Jones	$25,000	$345,000
2012		
Kathy Demmons	$75,000	
Ben Thomas	$150,000	
Sam Ponder	$100,000	$108,333
Total All Bequests	10 Gifts	$5,556,833
		$454,483.30

If you are unable to gather the data for these two projects (planned gift cash flow and deferred gift averages), determine why that is not possible. Reasons may include:

1) Bequest revenue comes into the organization as “cash” and is recorded as “cash.” This makes it difficult to impossible to trace as bequest revenue. (When this is the case, often other gifts such as charitable remainder trust distributions or charitable gift annuities are “lost” as well.)

2) Bequest revenue is classified in multiple ways. It may be “Estate of Ann Smith,” “Will of Ann Smith,” “Ann Smith bequest,” “Gift under Will,” “Distribution Ann Smith,” “Ann Smith,” etc. See the problem? If each entry is described in a different way and there is no discipline in the way the revenue is recorded, it is very difficult to print a report that gathers the information into an orderly report.

3) Records do not go back many years, either because you have changed donor management systems and did not bridge the old data, or you purge records periodically because there are so many names. (I’ve heard this more than once!)

C. What Are Your Irrevocable Deferred Gift and Revocable Deferred Gift Commitments

The planned gift pipeline is a critical measure of the gift planning program’s success. It has several benefits:

- It allows the gift planning team to measure the impact of its work. Counting the number of members of the Legacy Society is important, but counting the value of those gifts has a lot more impact.

- It allows you to make a rough projection of the potential waves of future revenue for the organization, and to spot trends in that revenue in advance.

- It helps staff understand the value of getting the details of the gift commitment.

- It adds emphasis to the need to steward these donors to protect the values in the pipeline.[2]

In Table 5, track the known revocable and irrevocable gift commitments in place. In Table 6, take those commitments and look at the expectancies by ten-year age groups to get a sense of when the expectancies will mature. It is unlikely you will have gift values for all gifts in the pipeline. And, you may not have ages for all donors who have made gift commitments. I do not recommend that you use artificial numbers (such as averages) to replace unknown values for the purpose of reflecting what you know about these gifts. You may want to use those averages in other types of reports in which these averages are clearly marked as averages and not known.[3]

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[2] Of course, stewardship is important for all donors, but it sometimes gets cut from budgets because it does not produce cash flow. In this context, stewardship is clearly tied to cash flow.

[3] The values of averages is greater when the charity has good, ten-year data with depth - that is, many gifts each year - and when the charity has good data about gift commitments. In that way it is possible to get some consensus between actual and expected that makes sense.

TABLE 5
KNOWN REVOCABLE GIFT COMMITMENTS BY TYPE

Donor Name	*Donor Age*	*Gift Type*	*Gift Amount*	*Member Legacy Society?*
James Smith	75	Bequest	$250,000	Yes
Sam Jones	87	Bequest	Unknown	Yes
Kathryn Wilson	55	Bequest	$1,000,000	Yes
Nancy Bellamy	89	Bequest	$500,000	No - Anonymous
Total Bequests			$1,250,000	
Donna Landry	54	IRA Beneficiary Designation	$25,000	Yes
Donald Landry	74	IRA Beneficiary Designation	$350,000	Yes
Tim Best	45	IRS Beneficiary Designation	Unknown	Yes
Total IRA Gifts			$375,000	
Ann Adams	62	Insurance Policy Beneficiary	$1,000,000	Yes
Tom Gentry	75	Insurance Policy Beneficiary	$750,000	Yes
Total Insurance			$1,750,000	Yes
Total All Expectancies with Known Values			$3,375,000	

TABLE 6
REVOCABLE GIFT COMMITMENT PIPELINE
COUNTS/AMOUNTS

	0-39	*40-49*	*50-59*	*60-69*	*70-79*	*80-89*	*90+*	*Unknown Age*	*Total*
Bequests under will - known value									
Bequests under will - unknown value									
Testamentary distributions from revocable trusts									
Testamentary distributions - other trusts									
Testamentary distributions pay on death accounts									

	0-39	*40-49*	*50-59*	*60-69*	*70-79*	*80-89*	*90+*	*Unknown Age*	*Total*
Retirement plan/IRA distributions									
Insurance beneficiary									
Charitable remainders - charitable remainder trusts, revocable beneficiary/outside trustee									
Totals									

Create an annual report that shows the impact of a revocable gift commitment on annual giving. This should have a positive correlation and will establish the value of a revocable deferred gift commitment on annual giving (and dispel the myth or concern that a deferred gift commitment will harm annual giving). If there is a negative correlation, this is a signal of a poorly managed stewardship program or poor messaging.[4]

D. Staffing Trends

While community foundations almost always have staff focused on donor development (some do not!), often these staff members are aligned with donor services to provide support for donors with funds at the foundation. In the past, these donor service officers may have outnumbered the donor development staff. This is not only a reflection of the fundraising culture of the foundation (or lack thereof) but significantly impacts your ability to build relationships with donors new and old and to build the permanent assets of the foundation in a proactive manner.

Track the development staff trends in your foundation. Table 7 provides an example of a worksheet. Go back more than 10 years if possible.

[4] In other words, instead of setting a "both/and" expectation for donors, the organization is setting an "either/or" expectation.

TABLE 7
DEVELOPMENT STAFFING TRENDS

	Total Front Line Donor Development Staff (FTEs)	*Total Donor Services Staff (FTEs)*	*Total All Donor Staff*
2014			
2013			
2012			
2011			
2010			
2009			
2008			
2007			
2006			
2005			

Now, overlay the staffing figures on the revenue figures in Table 2 to see if you can identify patterns based on staffing. As you move into fundraising mode, measure the dollars associated with each donor-facing development officer to determine the average revenue generated per gift officer. This allows you to put staff cost into perspective, as well as to look for ways to increase results by focusing gift officers on the most productive donor engagement activities.

E. Community Contacts

Do you currently measure contacts with spheres of influence and prospective or current donors? Calls and contacts drive new gifts. Divide these contacts into proactive and reactive measures, as shown in Table 8.

TABLE 8
HISTORICAL TRENDS IN COMMUNITY CONTACTS

	2009	*2010*	*2011*	*2012*	*2013*	*2014*
Number of donor visits responding to calls donors or prospects initiated with the foundation.						
Number of donor or advisor calls/visits related to queries from professional advisors						
Number of donor calls/visits initiated by foundation staff: **number tied to existing donors**						

	2009	*2010*	*2011*	*2012*	*2013*	*2014*
Number of donor calls/visits initiated by foundation staff: **number tied to prospective donors**						
Number of donor calls/visits initiated by foundation staff: **number tied to foundation initiatives**						
Number of donor calls/visits initiated by foundation staff: **total proactive calls/visits**						
Total all calls/visits						

F. How Well Do You Manage Data?

Good data is the heart and soul of any fundraising program. Many community foundations use FIMS for its accounting, grantmaking, and donor management platform because it is structured to focus on dollars and grants. The beauty of a fully integrated management system is that once data enters the system it does not need to be rekeyed multiple times.

FIMS has a variety of fields that track donor information, and certainly provides accurate tracking of donor gifts and donor contacts. It appears to have less functionality when it comes to tracking deferred gift commitments and providing fields to hold values (that do not post to balance sheet). It likely has fields that can be used to track fields or areas of interest, committee and volunteer work, event attendance, and other points of contact that may be important in stewardship or in identifying these individuals as prospects for long-term gifts.

While the system may have its limitations, the real issue is that many foundations do not have protocols to ask for or retain important donor information such as family relationships, e-mails, and dates of birth - the basics! In the review of your platform, ask these questions:

1. What percentage of your donor names have e-mail addresses?
2. What percentage of your donor names have dates of birth?
3. Do you have written protocols governing data fields that will be maintained, and how that information is gathered?
4. Do you record professional advisor relationships for your donors?
5. Do you record family relationships for your donors?
6. Do you have protocols to ensure regular review of your data for duplicates and other areas of data integrity?
7. Is there someone on staff whose responsibility is management of data?

G. Marketing and Communication

1. Make a List of Your Written and Electronic Communication Tools and Activities

Print and electronic contacts have a way of proliferating. All begin with a specific purpose or goal, but often continue because of tradition. You may be surprised by the number and balance of these communications unless you keep an inventory and make an annual review to prioritize those that are most important and to ensure consistent messaging among them all. Begin by making a list and noting the purpose, audience, and frequency of each. Use Table 9 as a worksheet.

TABLE 9
MARKETING MATERIALS, AUDIENCE, FREQUENCY WORKSHEET

Marketing Tool	*Audience*	*Purpose/Comments*	*Form (Mass Print, Mass Electronic, Individual Contact)*	*Frequency*
Print newsletter - donors				
Electronic newsletter - donors				
Print newsletter - advisors				
Electronic newsletter - advisors				
Website				
Annual Report				
letter from Foundation (Stewardship)				
Letter from Foundation (Welcome as new donor)				
Quarterly Fund Statement				
Prospective Donor Packet				
How to Give Brochure				
Legacy Society Brochure				
Program/Initiative Brochures				
Development Postcards				
Holiday/Birthday Card				

2. Easy Access to Information - Audit the Website

Electronic access to information is more and more important to donors (of all ages!). What does your website provide for donors, prospects, advisors and the community? Use the following checklist:

1. *Information for prospective donors:*
    - The case for donor investment
    - Information about the foundation and its history
    - List of donor services
    - List of fees for services
    - Donor testimonials
    - Gift planning information (gift forms, gift assets, current and deferred)

2. *Donor services for current donors:*
    - Case for long-term donor investment
    - Online access to accounts
    - Online giving portal
    - Easy contact links for donor support staff

3. *Information for affinity groups:*
    - Young donors
    - Women
    - Catalyst (special fund) donors
    - Students (how to apply for a scholarship)
    - Environment
    - Animal lovers
    - LGBT

4. *Information for donors/community on special initiatives:*
    - Crime prevention
    - Senior issues
    - Zero to Five Early Education
    - City-wide walking/biking trail

5. *Financial information:*
    - Audited financial statement
    - 990 pF
    - Annual report

6. *Contact information:*
    - Staff list with photos, contact information
    - Board list with title, optional contact information

7. *Information for advisors:*
    - Gift acceptance policies
    - Fund options, parameters, and fees
    - Standard fund documents
    - Links to financial information
    - Contact information for staff
    - Links to board list

3. What is Your Case for Donor Investment?

It is important to make a clear case for investment to donors in which you ask them to make their philanthropic investment through the Foundation. How do you do this now? Identify your case for short-term and long-term investment and use the following lens:

1. Is the case clear and compelling?
2. Are you asking donors to give to the Foundation, or are you asking them to leverage their giving through the foundation?
3. How many places does this case for investment appear?
4. Do you more frequently make the case for short-term giving (donor advised funds, current initiatives, current endowment needs) or long-term investment (estate gifts to unrestricted funds, estate gifts of any kind)?
5. How consistent is your case across all marketing platforms?

4. Review Your Messaging

Take the case review one step further and look at all the messages which educate donors about the role and impact of the Foundation not only on the community but on the donor's giving. A successful fundraising (and planned giving) program is driven by consistent marketing and messaging on a broad scale as well as the clear case that donors include a bequest under their will for your organization. If you had to make a list of your five key messages you wanted donors and potential donors to know, what would those be? And what pipelines are you using to deliver those messages? How consistent is your messaging? Use the checklist in Table 10 to identify and rank your top messages, and analyze how effectively you deliver those messages.

TABLE 10
WORKSHEET TO ANALYZE MESSAGING

Message	*Annual Report*	*Website*	*Internet Communications*	*Professional Advisor Communications*	*Annual Letter/ Other*	*Annual Meeting*
ORGANIZATION AND COMMUNITY NEEDS						
Clear call for support: "Join the foundation to address the needs of seniors and building a permanent fund to provide ongoing resources." Or, "Leverage your philanthropic dollars through the foundation - we offer resources to help you maximize your gift goals, learn more about options to achieve your goals, and if desired, join with other funders to achieve larger goals."						
Research on needs, information on current programs, outcomes related to initiatives						

The nonprofit's current strategic plan and information on what has been achieved, what is in progress, and what is outstanding.						
USE AND IMPACT OF FUNDS						
Basic financial information: balance sheet, cash flow statement, comparative data for prior years						
Detail on fundraising revenue and costs, including sources of revenue (individuals, corporate, foundation partners, etc.)						
Detail on long-term holdings, including permanent fund balances (and comparative data from prior years), investment performance, amounts distributed, detail on impact of distributions						
RECOGNITION OF DONORS						
Recognition of donors - current established funds, new gifts, gifts to initiatives, corporate gifts, foundation partners on initiatives, and grants						
Recognition of donors who have made planned gift commitments						
Recognition of volunteers - board and committee members						
EASE OF GIVING						
Clear communication that gifts at all levels are welcome for established funds, and fund levels for discrete funds						
Easy to find information on ways to give and how to give (website, downloadable brochures, gift calculators, interactive planning pages)						
Easy to find information on asset options - and what the foundation needs to accept non-cash asses						
Easy to find contact information linking potential donors to staff members who can provide support with photos to make it more personal						

Easy to access information for professional advisors relating to gift policies, standard gift agreements, standard endowment agreements, transfer information, legal name, etc.						

H. How Engaged Are You with the Professional Advisor Community?

Professional advisors are one of the most important pipelines of new donors to community foundations because they are the gatekeepers and problem solvers in the estate and charitable planning process. However, most advisors do not understand the role of a community foundation, how they differ from other charities, and most importantly how the foundation platform may help them solve gift planning problems for clients. Therefore, it is important to review the foundation's ongoing contact and relationship with the advisor community as part of the platform review. If possible, go back at least five years to measure these activities; at a minimum, look at last year's activities. Use Table 11 as a worksheet.

TABLE 11
PROFESSIONAL ADVISOR CONTACT WORKSHEET

	2013	*2012*	*2011*	*2010*	*2009*
Number of advisors (names, addresses, specialty) in data system					
Number of proactive meetings with advisors (individually or a practice group at a firm) to introduce them to the foundation role and/or foundation staff					
Number of professional advisory council meetings					
Number of print/electronic contacts over the year					
Number of calls from professional advisors to ask questions about a gift or gift option					
Number of calls from professional advisors to notify the foundation of a new gift					
Dollar value of gifts received where a professional advisor was responsible in whole or in part					
Percentage of all foundation gifts where a professional advisor was responsible in whole or in part					

III. Best Practices for Community Foundation Fundraising Success

A. The Development Team Has A Strategy and a Plan

A community foundation is so flexible it can move in many directions. If the foundation is going to be effective in fundraising, it must be intentional about where its staff spends its time and resources. This requires a clear plan. The plan should include:

- *Goals and objectives:* What do you hope to accomplish and how will you measure success? Is the goal to increase the gifts or to increase the permanent assets? Is the goal to increase the number of funds or to increase funds of a specific type?

- *The key strategies:* Do you plan to build endowed funds around key initiatives? Do you plan to build visibility for the foundation among the professional community? Do you hope to build agency endowments? Is the goal to build resources in specific initiative areas? The foundation may have multiple strategies to reach its goals but it should prioritize those that are most likely to be successful.

- *The actions/tactics that will allow you to execute those strategies:* Break the actions/tactics into individual steps and assign responsibility for each step. If there are costs identify them early and ensure those costs are factored into the annual budget.

- *Timeline for activities.* Create a timeline to guide the execution of the plan and monitor it carefully to ensure the plan stays on track. Make sure regular activities are overlaid on the plan to ensure it is possible to accomplish the required regular work and the strategies to grow the foundation.

B. Donor Data Is a Priority

Good data drives a successful development program and planned giving results. Good data is not an accident. The most effective data management is guided by written protocols that ensure consistency from year to year and from employee to employee. There are several characteristics of great data:

1) *Clean donor records*. This means the organization has a system to do periodic transaction self-audits, periodic de-duping, periodic record cleaning to remove donors inactive for long periods, and accurate record changes (deceased donor, change of address, change of e-mail, and similar information).

2) *Complete giving records.* Giving records should be accurate in terms of dollar amount, type of gift, and giving campaign that generated the gift. Sometimes temporary personnel are used to record the flood of year end gifts. Without clear written protocols for recording gifts, these gifts can be assigned to an inappropriate category so that in later years it becomes impossible to tracks trends in a specific campaign.

3) *Consistent use of attributes, giving campaign labels, fields of interest, and other discretionary fields*. As noted above, without written protocols for data entry, those entries may be inconsistently classified making it difficult to impossible to create reports that track trends.

4) *Updated system.* When data is a priority, system upgrades are installed and staff are trained.

5) *Data analytics and reporting capacity.* The data is only as valuable as the ability to extract and use it. Standard reports are helpful but rarely provide the sort of targeted or strategic analysis of the data required to identify trends and analyze donor interests and commonalities.

6) *Staff assigned clear responsibility.* In the most effective development shops there is someone charged with responsibility for oversight and the integrity of the data system.

7) *Policies and procedures.* Policies are procedures ensure consistency from year to year and from employee to employee. Without policies, each new employee applies personal preferences leading to inconsistencies that compromise the foundation's ability to analyze long-term trends.

C. The Foundation Has Donor-Centric Fundraising Culture

The most successful fundraising programs are grounded in a donor centric fundraising culture. It seems that the "donor centric" is the catch word in philanthropy and fundraising. Yet few organizations really understand what this means. Truly understanding and implementing a donor-centric culture can dramatically improve your fundraising results, especially as it relates to Legacy gifts (deferred gifts and endowment).

Donor centered philanthropy is not a new concept, but in the current economy it has never had more relevance. As charities struggle to retain donors and to increase fundraising revenue, they are finding that they must focus more on engaging with and taking care of their donors and distinguishing their organization from the over one million other charities (not including about 300,000 to 400,000 churches, synagogues, and entities that do not require tax exempt letters from the I.R.S.). Donors have choices. They want to invest their charitable dollars where they believe those dollars will have the most impact. They want to connect with the charity and partner in that charity's success. Donors give where they are the most connected to causes that are most important to them. They want to understand the impact of their gifts and would give more if they knew more about that impact.

A donor centric culture is one that focuses on making the donor an essential partner in success and listening to the donors goals and objectives to help incorporate those into the anticipated gift. The single biggest mistake in the field is to get so focused on what your organization wants and needs that you couch every conversation in those terms and approach the donor about what they "need" to do to help reach the organization's goals. These will be very, very difficult conversations. Instead, focus on these seven elements:

1. *Know where your foundation is going and what its greatest challenges are anticipated to be.* The organization should have a current strategic plan and should freshen that plan every three to five years or more often if there are material changes in the underlying assumptions on which that plan was based. Review your current plan. Does it incorporate endowment as a critical need long-term? If not, you may want to go back to the planning process to determine why endowment was not included and whether it is appropriate. An organization without a current, viable strategic plan, that has not mapped its future, provides no context to donors for their endowment gifts. An organization with a clear plan is able to show the donor the clear long-term needs and the potential impact and role of their gifts. This gifts their gifts more urgency and makes the case for giving more compelling. The volunteers and staff making Legacy calls must be familiar with the basic elements of this strategic plan

2. *Help the community understand how the foundation makes decisions about community investment. (They will not invest if they do not understand and do not feel the foundation will add value to their giving.)* This includes not only the grant making framework for its unrestricted funds, but its initiatives, the resources, guidance, and oversight it provides donor advised funds, its initiatives, and its collaborative partnerships. Do not assume the community understands anything about the role of the foundation!

3. *Prioritize contacts with donors.* This includes contacts at events, contacts at meetings, and personal calls to say "thank you" or ask for a gift. These contacts focus on the donor, the donor's charitable vision, the donor's personal goals, and things that are going on in the donor's life.

4. *Maintain information on stories donors tell you about why they made their first gift and about the elements of the charity's work that is most important to them.* Develop an institutional memory that "remembers" what donors tell you and other staff members through changes in staff

5. *LISTEN to donors when you make calls rather than pushing your needs*. This means you must proactively seek conversations rather than simply respond to donors to answer questions or respond to a request for a distribution from a donor advised fund. When you have a goal to meet (for example, to build $10 million in new endowed assets at the foundation) the tendency is to rush the prospect with information on how great the organization is and what it needs. Begin by focusing on the donor. For your current donors you might ask (for all donors and prospects, with questions for existing donors only noted):

   - *How did you get involved in giving?* When did you make your first gift?
   - What prompted that gift?
   - Where do you invest the majority of your philanthropic dollars? (Here the reference is to sectors, such as education, healthcare, religion activities, the environment, a similar sectors but may lead to a discussion of the specific organizations they support.)
   - Who currently advises you on charitable gift planning?
   - Does this advice center on gift structure or entities or assets?
   - How do you engage your children or family in your giving?
   - How has the foundation impacted your giving? (For existing donors only.)
   - Are there resources we can provide that would make your giving more effective?

These types of conversations allow you to engage the donor, learn more about why they are involved, learn more about their perspectives, help them look long-term and partner with you, and should allow you to understand how to approach the individual as you ask for an endowment commitment. If you ask them to fund something important to you or your organization, you will have little interest. If you ask them to fund something important to them, you will have their full attention.

6. *Be patient*. Do not push when a donor is not ready. Develop the gift vision. Then, and only then close the gift. Be willing to make multiple visits. Take the long-term view in maximizing the donor's relationship rather than settling for the short-term transaction. It's about long-term donor relationships - not short-term cash flow.

D. The Foundation Sets Clear Donor Expectations

Do not expect donors to read your mind about what you expect and hope they will do. The most effective way to begin to build a culture of participation through the foundation both during life and through an estate is to set the expectation that the donor maximize their philanthropic giving by using all the resources offered by the foundation. Treat all donors at all giving levels as if they have the power to change the current environment and to touch the face of the community tomorrow. Expectations drive the way that donors think about their giving to your organization.

E. The Foundation Ensures Consistency in Messaging

The best programs are consistent in their messages to donors and the public. This includes: 1) the case for current support; 2) the case for long-term, deferred gift support; 3) the need for philanthropic support; and 4) the impact of donors on the nonprofit's ability to deliver services and operate programs. There are few messages about how great the organization is. Rather, the messages focus on the success of the organization and its donor partners in meeting critical needs in the community.

F. The Foundation Uses Metrics and Measures to Set Goals, Identify Opportunities, and Measure Success

The most successful programs build strategies built on strengths and the results they have achieved, and track results of their efforts to allow ongoing adjustment and fine tuning. Many of the key indicators for fundraising success (and marketing and communication success) are foundation in the data.

1. Donor Demographics

How much do you know about donors who use the foundation. Measure the new fund and gift activity by age. Donor ages are critical in analyzing potential for fundraising (especially planned giving) for the following reasons:

1) *Some organizations have largely aging donor populations and must focus on building strength among younger donors.* While these organizations may have special opportunities in planned giving, the crisis will come when their donor pool ages out of existence.

2) *Ages impact marketing and outreach.* Each age band engages with your organization in a different way, and for different reasons. If you want to effectively engage those donors, you will need a strategy for each segment.

Begin by analyzing the percentage of donors for whom you have ages. If your percentage is less than about 75%, look for ways to build that data. Include a field for date of birth on online forms, annual giving forms, alumni forms, and all contacts with donors. Once you have the ages, track the activity in various 10-year age groups for new and existing funds as shown in Table 12.

TABLE 12
ONE YEAR DONOR COUNTS AND REVENUE BY AGE

	20-29	*30-39*	*40-49*	*50-59*	*60-69*	*70-79*	*80-89*	*90+*
# of Contributions to DAFS								
# of Gifts to Initiatives								
# of New DAFS								
# of New Gifts to Unrestricted Funds								
All donors								
Annual Revenue for all Donors								
Annual Revenue for New DAFs								
Other (continue for all funds)								
Revenue tied to Contributions to DAFS								
Revenue tied to Contributions to Initiatives								

	20-29	30-39	40-49	50-59	60-69	70-79	80-89	90+
Revenue tied to Contributions to Unrestricted Funds								

IV.` The Practices that Block Success

A. Live for Today! (Cash is King)

While community foundations are established with a long-term growth objective t is so easy to fall into the trap that the only “real” metric that counts is the cash that comes in the door. It is not only the smaller, struggling nonprofits that focus on cash, but hospitals, universities, museums, churches, and every type of nonprofit operating in the country. The “cash is king” environment is generally driven by need and by the top of the organization. This culture tends to be non-donor centric because gift conversations are driven by what the nonprofit wants and needs rather than what is the best option for the donor.

B. Accounting vs. Data

Some development offices are ruled by finance. Finance dictates what counts as gift credit for annual review of development staff (accounting revenue only), what is recorded in the donor database (accounting revenue only), and even what is recorded in campaign (accounting revenue only). In this environment, FASB rules. Turning this culture around is essential if bequests are to be valued as the important revenue stream (and future revenue stream) that they are.

C. Expectancies Are Not Real Money

One of the results of the “cash is king” and “we only record FASB revenue” practices is that expectancies are not real money. This means:

- The organization may put little or no effort into the bequest pipeline or if it does have data on gift commitments may place little value on those commitments (since they are not yet cash);
- Little effort is directed at gathering data about bequests;
- Little or no stewardship of donors who have made bequest commitments; and
- The organization’s bequest donors drift away, proving that expectancies are not real money.

This will create very negative results for your bequest program and will drive all conversations into current gifts, meaning that the foundation will miss the opportunity for the largest gifts that donors put in place. Watch for those danger signs and put effort into making the case for the expectancies’ value.[5]

D. Inconsistent (or Invisible) Messaging

If the foundation staff, board and even current donors can not describe what the foundation is and how it adds value to a donor’s giving and community enhancement, then it is likely the messaging fails to do this as well. Or, if the message is different each time a donor comes into contact with the foundation it is also confusing in defining the foundation’s role in the philanthropic (and larger) community. It is especially important in building a consistent, visible case for using the foundation if the foundation is making the turn from a responsive entity to more proactively developing new donors and assets.

[5] Ways to establish value are provided later in this paper.

E. Can't Waste Time Talking to Donors

How many times are you and your development team out in the community talking to donors? Conversations with donors are the single most powerful, effective marketing tool that exists. There must be annual metrics for calling goals, and staff must follow through on those calls, to maximize the effectiveness of a calling program. There is no magic number for calls and impossible to establish a single standard because each foundation has a bit different staff structure. The key is to ensure there are gift officers whose role is to proactively call on donors (individual and corporate) and professional advisors.

F. The Board and Staff Are Clueless

Sometimes the board and executive staff have a bit of an out of body experience about planned giving. It is a topic they may not be comfortable with so they take little time to understand it believing it is simply a development "product" and that there is a staff member who does that. More than any form of fundraising, fundraising and bequests are a joint effort of the entire organization - its executive staff in whom donors must have confidence, its board whom should support planned giving through a personal gift and serve as ambassadors for gifts to stabilize the nonprofit going forward, and all development staff who own the relationships with donors.

V. Final Thoughts

Success in fundraising requires a strong platform, a culture that values donor relationships, a clear commitment to intentionally build relationships, an intentional commitment to generate additional funds under foundation management, the staff to reach out and develop relationships with donors, and metrics that drive activity and measure success. It sounds simple and straightforward, but may require a cultural change and major education of staff and board. And it may take time to develop the platform you need to be successful. Today is a great day to begin the process. Your foundation is too important to your community to wait!