



# CREATING A HIGH-PERFORMANCE ENVIRONMENT FOR MAJOR GIFTS

April 16, 2023



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## **AGENDA FOR TODAY**

**Overview of National Philanthropy  
Trends in Giving USA Data**

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**What Works – Trends and Lessons  
Learned in Major Giving**

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**Building and Retaining Your Major  
Gifts Team**

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**Maximizing Your Fundraising ROI with  
a High-Performance Team and Plan**

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**Giving USA Data:  
What did philanthropy look  
like in 2021?**



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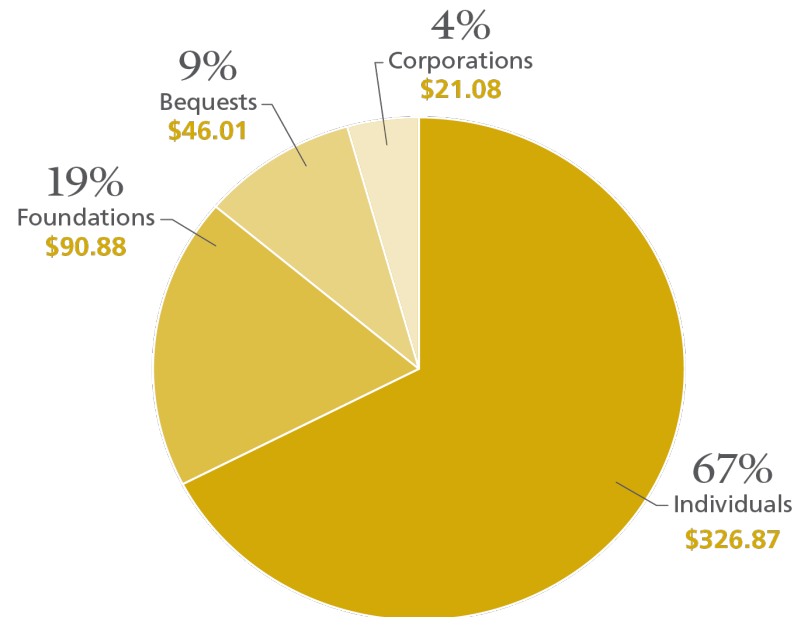
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## 2021 contributions: \$484.85 billion by source of contributions

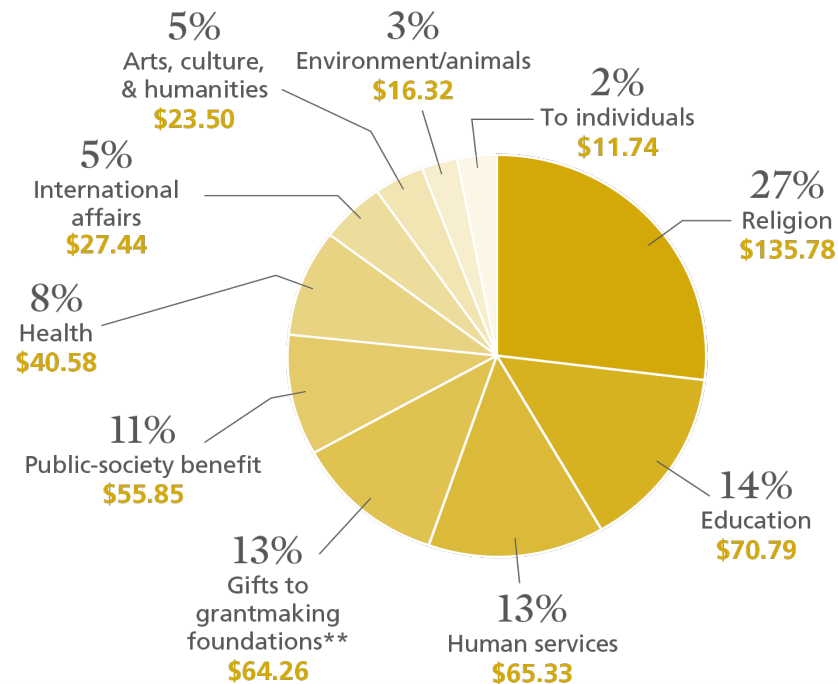
(in billions for dollars – all figures are rounded)





## 2021 contributions: \$484.85 billion by type of recipient organization\*

(in billions for dollars – all figures are rounded)



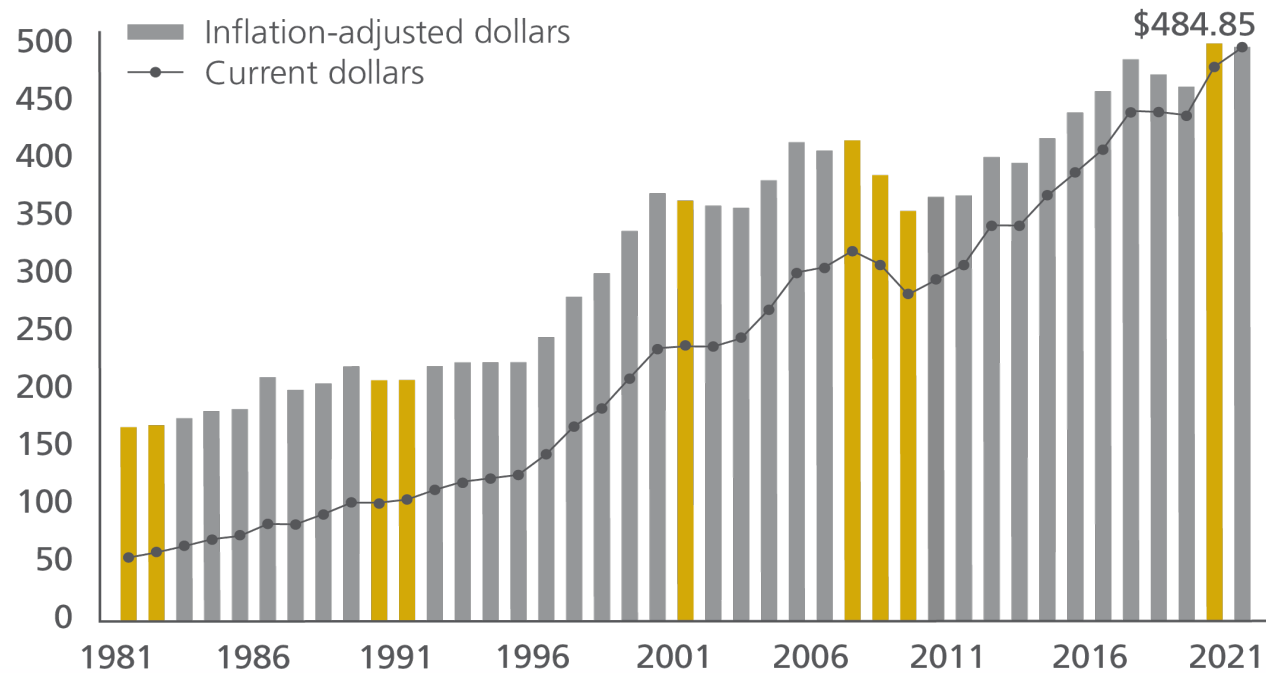
\* Total includes unallocated giving, which totaled -\$26.75 billion in 2021.

\*\* Estimates developed by the Indiana University Lilly Family School of Philanthropy using data provided by Candid.



# Total giving, 1981-2021

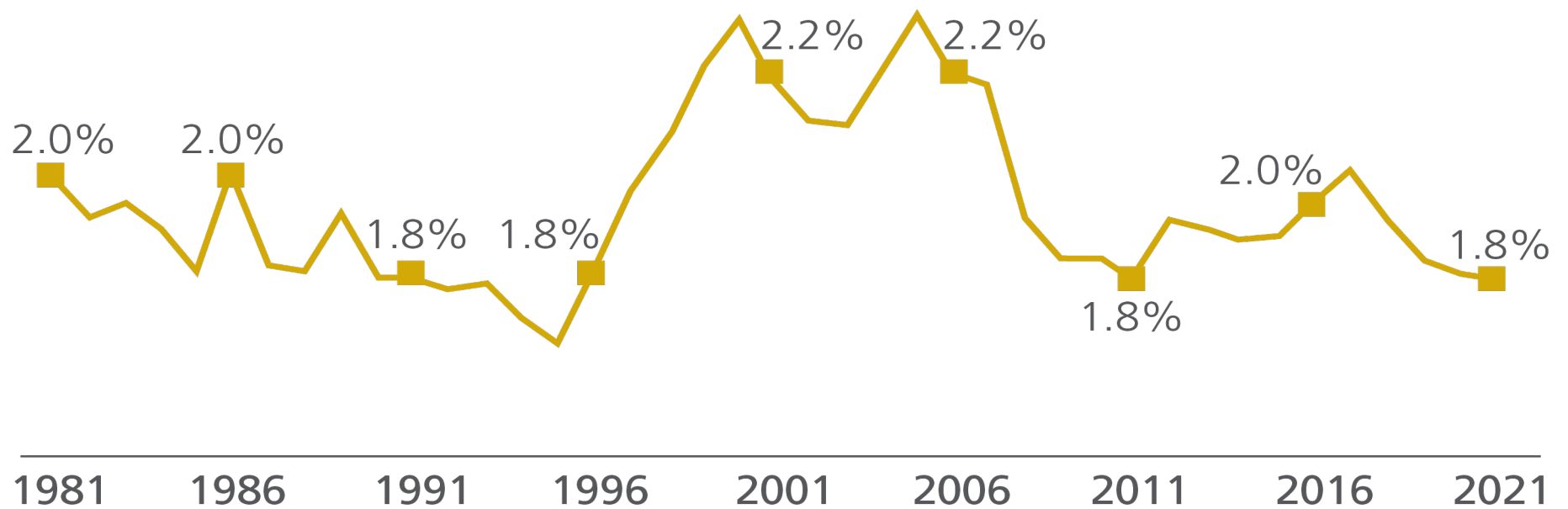
(in billions of dollars)





# Individual giving as a percentage of disposable personal income, 1981-2021

(in current dollars)







Characteristics Shared  
by Nonprofits with  
High Performing Major  
Gift Programs



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## METHODOLOGY: FOCUS ON NONPROFIT MAJOR GIFT FUNDRAISING TRENDS



### NONPROFIT SURVEYS

- Two online surveys
- 120+ nonprofits



### INDEPTH CASE STUDIES

- Interviews with development leaders and case studies representing a variety of sectors and organizational sizes



### DATA ANALYSIS

- Data analyzed and compared to Giving USA data and post 2008 recession giving data





## OVERVIEW OF TRENDS

The number of organizations raising more than \$2.5 million in major gifts continues to increase significantly (23% in the past three years)



The gifts are large - almost two-thirds of nonprofits surveyed received at least **one gift of \$1 million or more** in the last three years



The number of organizations focusing on major gifts continues to increase - 70% of nonprofits surveyed raise \$1 million + in major gifts





## A FOCUS ON MAJOR GIFTS MAKES AN IMPACT

Having even one **full-time major gift fundraiser** increased the number of \$10,000 or more gifts received by 54.5%



Organizations with **five or more full-time major gift** fundraisers receive at least 25 major gifts, and 57% of these organizations received more than 75 gifts of over \$10,000



Organizations that received **4 or more gifts of at least \$1 million in the last three years** have at least **two full-time major gift fundraisers**







## HIGH PERFORMING ORGANIZATIONS SHARE THESE ELEMENTS



### THE CASE

Clear, compelling, **simple, mission focused funding priorities**

Funding priorities need to be well understood by both staff and donors



### LEADERSHIP

Staff and Board members **are involved in fundraising on a regular basis**

Both can speak to the case for support from a **personal perspective**





## HIGH PERFORMING ORGANIZATIONS SHARE THESE ELEMENTS

### DONOR ENGAGEMENT

Donor strategies are donor-centered and data-driven.

**Deliberate engagement with clear documented relationship management** within the organization



### SYSTEMS

Data is utilized to **prioritize donor engagement, guide activity, and drive momentum.**

If it doesn't represent strategy and if you can't track it in consistent reports – don't waste time collecting it





## MOST IMPORTANTLY – HIGH PERFORMING ORGS SHARE:

### **Staff that have time dedicated to engagement with major gift level donors**

- Major gift focused staff have little to no administrative responsibilities
- They work in a culture that encourages/insists that they interact directly with donors
- They have access to key leadership





## PLANNING AND LEADERSHIP INVOLVEMENT: HIGH PERFORMING ORGANIZATIONS SHARE THESE ELEMENTS

92% have a **development plan that focuses on raising major gifts**, even though 18% of these organizations don't have any full-time major gift fundraisers

In 90% of organizations surveyed, the **Board of Directors is involved** in major gift cultivation and solicitation



In 96% of organizations surveyed, the **head of the organization is involved**

**Campaigns are a fabulous organizing construct.** The majority of orgs are currently engaged in a campaign (52%) or looking to begin a campaign in the next 3 years (51%)







## HIGH PERFORMING ORGANIZATIONS SHARE THESE ELEMENTS

### METRICS

- Substantive donor interactions
- Monthly or Quarterly that equate to roughly 100+ interactions annually



### SYSTEMS

- Clear roles and process
- Segment by *capacity* and *“readiness” to give*
- RM who is responsible for strategy
- Right people identified to meet regularly as a fundraising team





## MAJOR GIFT STRUCTURE AND RESOURCES: DATA DRIVEN STRUCTURE WILL HELP FOCUS EFFORTS



**The use of data and metrics to inform fundraising efforts was a consistent theme across organizations. Select reasons organizations cited for increased fundraising success:**

- *“We started using DonorSearch.”*
- *“Better focus on development efforts.”*
- *“Implemented a better donor database.”*
- *“Renewed attention to fundraiser work plans and metrics.”*
- *“Try to create hot, warm, cold list to place portfolios.”*





## STRATEGIC, DELIBERATE DONOR ENGAGEMENT: PORTFOLIO SIZE AND STRUCTURE IS IMPORTANT

Trends show that for every 100 prospects, **only one-third of those prospects will be in the solicitation phase** of the pipeline at any given time.



All 100 prospects **need regular stewardship**. Distribution and size of portfolios should take this into account.



Smaller organizations need **to build balanced portfolios with prospects at each stage in the donor cycle** to ensure that all donors and prospects have someone paying appropriate attention to them.




Organizations that received **four or more gifts of at least \$1 million in the last three years have at least two full-time major gift fundraisers**.





## STRATEGIC, DELIBERATE DONOR ENGAGEMENT



### What is the ideal number of prospects to have under management?

- As many as possible....
- Nearly half of the organizations surveyed **have less than 100 major gift prospects** and donors currently under staff management



### What is the ideal portfolio size?

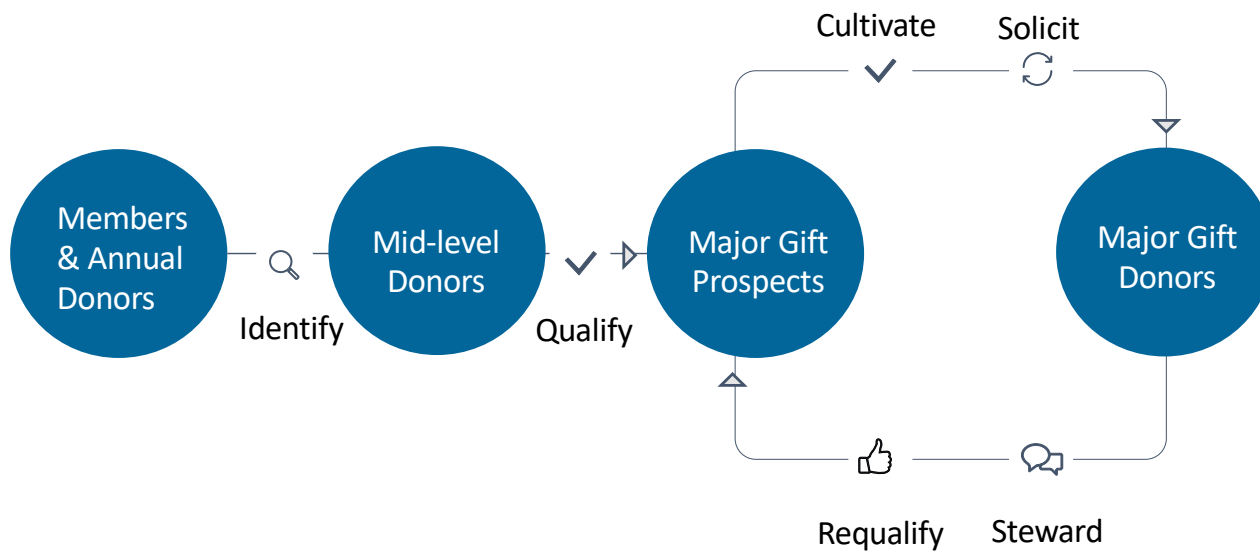
- Industry standards are 100 to 200 prospects for a full-time frontline fundraiser with no administrative responsibilities
- **This may not be the right strategy** – the numbers in isolation do not tell the story and often result in “padded” portfolios







## STRATEGIC, DELIBERATE DONOR ENGAGEMENT: QUALIFICATION



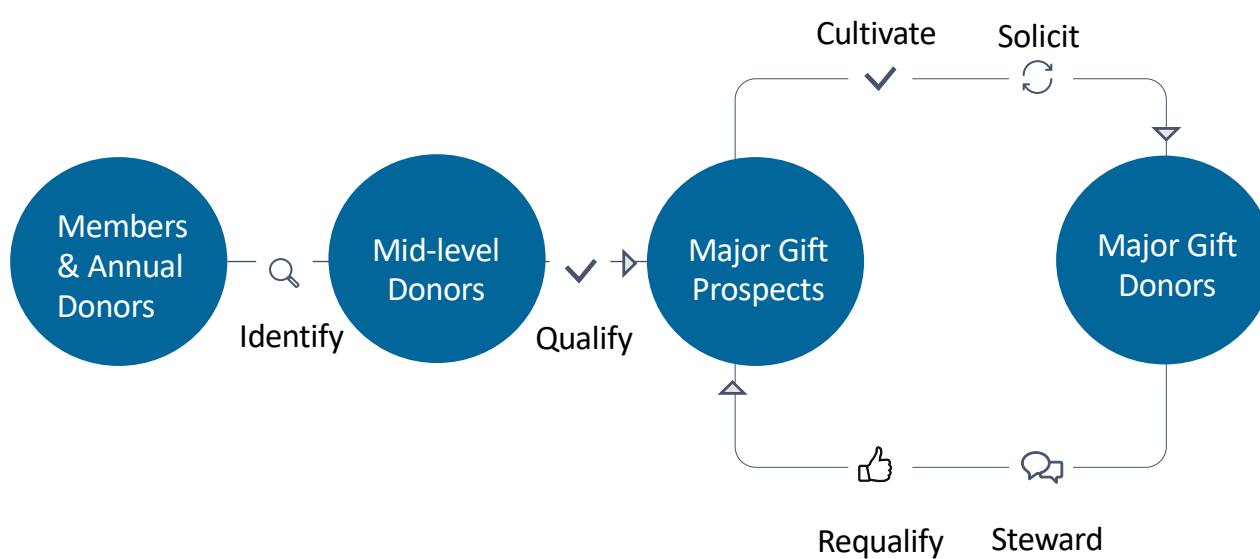
*Consider building portfolio numbers determined by donor stage and goals*

- **A large number of prospects** prioritized by capacity and engagement
- Focus on moving them into other stages or removing them quickly
- Focus on transitioning transactional annual donors into philanthropic major donors





## STRATEGIC, DELIBERATE DONOR ENGAGEMENT: CULTIVATION & SOLICITATION



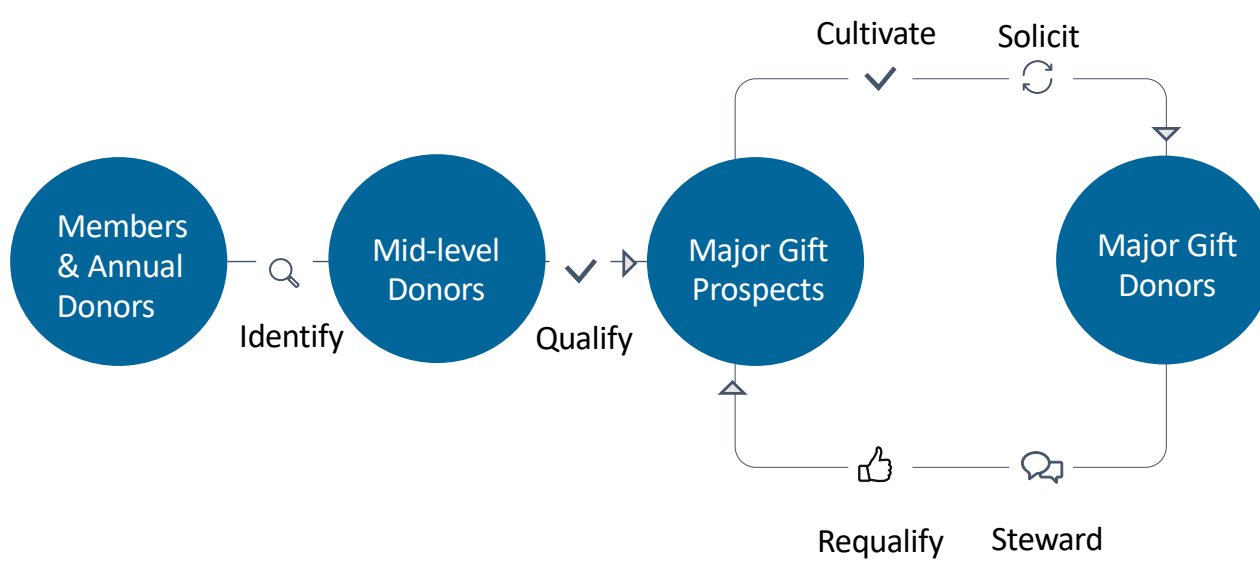
- Part of the same continuum – **view them together**
- Structure by **capacity and readiness**
- Use a two-level approach: donors ready to give soon, donors who need more time

*Consider building portfolio numbers determined by donor stage and goals*





## STRATEGIC, DELIBERATE DONOR ENGAGEMENT: STEWARDSHIP



- Consider moving donors who are only in stewardship into a separate portfolio

*Consider building portfolio numbers determined by donor stage and goals*





## STRATEGIC, DELIBERATE DONOR ENGAGEMENT



### Consider utilizing “junior” MGOs.

- Focus on your **annual and transactional donors** – transition to mid-level and major donors
- Leverage this effort to serve as **major gift qualification**
- Train staff to partner on hand-offs
- Keep **MGO portfolios focused on highest capacity prospects**

And you need the right people out engaging your donors!







## How To Hire and Keep a Major Gifts Team



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## TURNOVER IN THE DEVELOPMENT FIELD

**16  
MONTHS**

The average amount of  
time a fundraiser stays at  
his or her job

**\$127,650**

The direct and indirect costs  
of finding a replacement



Source: "The Cost of High Turnover in Fundraising Jobs," *The Chronicle of Philanthropy*, April 2, 2012. Based on research by Penelope Burk, President of Cygnus Applied Research.



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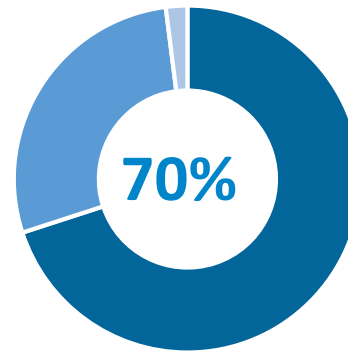
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## TURNOVER IN THE DEVELOPMENT FIELD

“In the past two years, has your institution struggled to hire and retain frontline major gift fundraising officers?”

- Yes 70%
- No 28%
- I don't know 2%



70% of respondents said they have struggled to hire and retain frontline major gift fundraising officers in the past two years



Competition for experienced gift officers is fierce



These hiring/retention issues are bad for the nonprofit sector

Source: Campbell & Company Alternative Fundraising Talent research study





## ASSESSING TALENT: OUTLINE OF INITIAL CONVERSATION TO MEASURE AND QUANTIFY PERFORMANCE SKILLS

- Mission alignment (very important, passion = 110% effort)
- Evidence of growth as high performer (i.e., track record of fundraising)
  - Make more visits
  - Secure new donors and prospects
  - Secure and close gifts “faster”
  - Secure high yield gifts
  - Set higher standards for professional excellence (exceeds goals) rather than specific amount
- Pattern of increasing complexity of work
- Soft skills: listening, resilience, self-starting, driven, eager to learn







## SAMPLE INTERVIEW QUESTIONS



### Always be consistent in asking your core questions:

- *“What’s your interest in our mission? Why did you choose a career in fundraising?”*
- *“Why did you lose your last job? What would you manager say was the reason?”*
- *“What do you consider your most successful role in fundraising and why?”*
- *“What did you raise in 2022? 2021? 2020?”*
- *“What was your most complex gift and why?”*





## AVOID UNCONSCIOUS BIAS



### Also, beware of unconscious bias:

- Gut feelings
- *“Younger me”*
- Gender, race, ethnicity
- Personal style
- Communication style
- Weight and height





## Alternative Fundraising Talent



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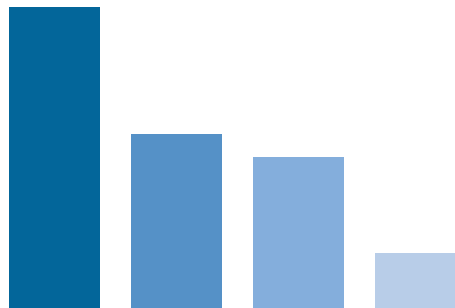


## A SCARCITY OF “QUALIFIED” CANDIDATES IS THE MOST-OFTEN CITED REASON FOR HIRING CHALLENGES

“Hiring challenges are due to (select all that apply):”

- Lack of qualified candidates 88%
- Geography of our institution 51%
- Not able to agree on compensation 44%
- Other 16%

88%



Of those who had experienced hiring challenges, 88% said it was due to a lack of qualified candidates, with location and compensation also cited



Large campaigns require large teams



Qualified talent is not cheap



So what does ‘qualified’ mean?



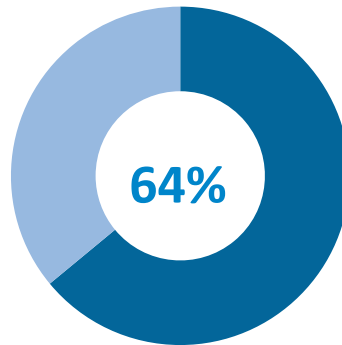




## THERE ARE A FEW COMMON CAREER SECTORS THAT PRODUCE MORE CANDIDATES MAKING THE SWITCH TO PHILANTHROPY

**“Your most recent “non-traditional” hires have what types of professional backgrounds (select all that apply):”**

- Sales 68%
- Marketing 57%
- Financial Services 39%
- Academic 29%
- Political Campaigns 14%
- Other 50%



Our survey indicated more than 64% of respondents are intentionally recruiting non-traditional talent for direct fundraising positions



For transitions into fundraising, some career paths are more natural than others:

- Bankers
- Wealth Managers & Financial Planners
- Attorneys
- Real Estate Brokers
- Political Campaigners
- Admissions Officers





**Retaining  
Fundraising Talent**





## HAVE CLEAR ROLE DESCRIPTIONS AND ACHIEVABLE GOALS

Clearly describe roles and set reasonable expectations

Provide MGOs metrics to achieve and reward those goals



Create ambitious but achievable goals

Implement a formal review process





## CONTINUOUS LEARNING ENSURES GREATER LOYALTY AND RETENTION







## ARE YOU PAYING ENOUGH? TALK TO YOUR LEADERSHIP



### Example: Market Salaries for MGOs in Los Angeles

- Small colleges: \$65K - \$125K
- Large flagship universities: \$120K - \$215K
- Healthcare institutions: \$135K - \$240K
- Small/medium nonprofits: \$70K - \$160K
- Top Tier MGOs: \$170K - \$210K



### Workplace flexibility and family leave

- Be flexible on potential benefits
- Family-friendly policies retain valuable employees who need help balancing work and family
- Research shows that access to any form of parental leave builds loyalty to the organization...they stay





## PERFORMANCE-BASED INCENTIVES



- Not “sales commission,” but based on **pre-set mix** of revenue and non-revenue goals
- Growing number of incentive-based programs: around **18% CASE, 22% AFP, and 44% AHP**



### Types of performance incentives:

- Annual incentives (94%), range from 5% to 30% of base salary
- Recruitment incentives: signing bonus (42%)
- Multiyear incentives (21%), act as retention incentive





## KPIs FOR PERFORMANCE-BASED INCENTIVES

| NONREVENUE CATEGORIES                  | PERCENTAGE OF RESPONDENTS |
|--|---------------------------|
| Management/leadership                  | 54%                       |
| Total gifts secured                    | 54%                       |
| Number of proposals/solicitations made | 33%                       |
| Stewardship                            | 31%                       |
| Visits/contacts                        | 31%                       |
| Prospect solicitation                  | 29%                       |
| Donor retention                        | 25%                       |
| Other                                  | 21%                       |
| Close rate of proposals/solicitations  | 19%                       |
| Professional development               | 19%                       |
| New qualification visits               | 17%                       |
| Prospect identification                | 17%                       |
| Staff recruitment                      | 17%                       |
| Event attendance                       | 8%                        |
| Recognition                            | 8%                        |



### KEY REVENUE CATEGORIES:

- 75% New gifts (new business)
- 67% New pledges
- 23% Payments on prior year pledges
- 23% Other (not defined)





**Wrapping It Together:  
Maximizing Your Fundraising  
ROI With Major Gifts**



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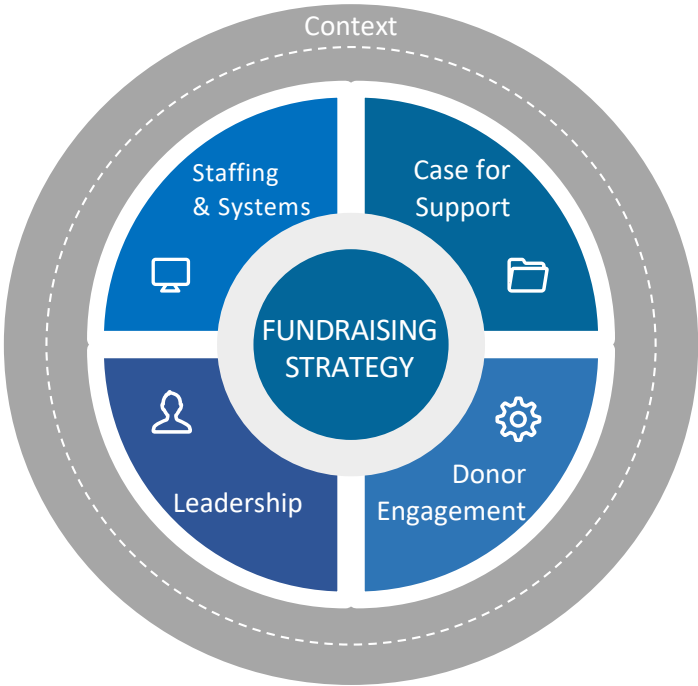
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# STRATEGIC, DELIBERATE DONOR ENGAGEMENT



**THE CASE** - Clear, compelling, **simple, mission-focused funding priorities** that are well understood by both staff and donors

**LEADERSHIP** – Staff and Board members **are involved in fundraising on a regular basis**

**DONOR ENGAGEMENT** – Donor strategies are donor-centered and data-driven. **Deliberate engagement with clear relationship management** within the organization

**SYSTEMS** – Data is utilized to **prioritize donor engagement, guide activity and drive momentum**

If it doesn't represent strategy and if you can't track it consistently – don't waste time collecting it





## KEY TAKEAWAYS

**Major gifts are increasing**, including gifts at the \$1M+ level and greater



Make major gifts an **organization-wide priority**: include board, CEO, and staff, and invest in staffing and systems. **Give MGO's a clear "runway" to focus on donor engagement**



**Data management is critical**: track and manage donor relationships in your database with key metrics for measuring success. Less is more





## KEY TAKEAWAYS

Strive to **maintain strategic portfolios** to allow more intentional cultivation and stewardship. Don't fall into the trap that one size fits all



**Always keep an eye out for emerging talent!** Build your network through AFP and LinkedIn. Assess major gifts talent through a **uniform criteria for measuring growth and performance**



**Keep talent** through a **strong base salary, clear achievable goals, workplace flexibility,** and **performance incentives** based on mix of revenue and non-revenue goals





# Thank you!

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