Identifying a Major Donor for Cultivation

As the year-end giving season is in full swing throughout the nonprofit sector, major donors are a key focus. “Cultivation” of these donors, as it is known, can result in a large donation but requires planning, preparation, hard work, patience, and time. Prior to cultivation however, an organization must identify an individual and develop the potential that he/she will donate to the organization. This document looks to what defines a major donor, what motivates giving by major donors, and what an organization may do to create the initial potential that could lead into a major donor relationship.¹

Defining a Major Donor

Major Donors are individual donors, but those who give over a certain threshold. Most organization’s major donors usually fall between $1,000 and $10,000. Another method is to state that any gift more than or equal to 0.1% of an organization’s entire budget should be treated as a major gift. In the end, however, the threshold to define a major donor is determined by the organization. The Board of Directors and Executive Director should consult the budget and fundraising goal of the organization and define the size of the gift that will not only make a significant impact on the organization, but is outside the range of gifts usually received. This determination should be reflected in a dollar amount and communicated throughout the organization.

However major donors are defined, they are an organization’s greatest asset. Major donors should be viewed as investors in the organization’s vision. Building relationships with these individuals is important to ensure the positive future of the organization. Larger organizations recognize this as the cultivation trends now include assigning a major gift officer to a specific donor. See our paper on End of the Year Giving to read more on cultivation of major donors as well as examine the resources at the end of this document.

It is important to remember that regardless of the parameters defining a major donor, all donors will feel that his/her contribution is a major gift and should be treated as such. During the year-end giving season, organizations must be responsive to all donations whether big or small, understanding their importance in reaching the great fundraising goal.

What motivates giving?

It is typically understood that while small gifts are due to an individual’s support of an organization’s good works, major gifts are due to an individual’s commitment to the overall vision and future of the organization. Yet, although entire books have been written to explain what motivates giving by major donors and theories have been produced to define various types

¹ Note that this paper does not speak in an in-depth way to donor cultivation and the skills needed to develop a long-term relationship with a major donor. This issue is addressed in our paper on Preparations for the Giving Season found here: http://www.cathedralconsulting.com/content/preparations-giving-season
donations drivers, organizations still seem to lack the understanding as to what makes major donors tick.

As a general trend, a prospect’s initial donation is based on the feeling that he/she is contributing to a cause or vision, assisting an organization to do good works and improve the status quo. Studies have also shown that confidence in organization executives also drives a donor to give. A study of American households, however, reported that the most frequently cited reasons for major gift giving were:

1. Personally asked to give by someone they knew (77 percent);
2. Volunteered at the organization (63 percent);
3. Asked by clergy to give (61 percent); and
4. Read or heard a news story (47 percent).

In our experience, however, after the first few gifts and if the relationship with the organization has been maintained, major donors -- the best major donors -- approach donations as they approach making an investment in a business venture. Thus, rational thinking is the foundation of their decision making process. Major donors want to see specific details as to where the money will be utilized, evidence that the plans will succeed, and how the plans will contribute the overall mission of the organization. More often than not, major donors also desire to see clear financial statements outlining the return on investment and/or receive a personal endorsement by an acquaintance or member of the board of which they have a close relationship. And while it’s true that some major donors may never ask for any of this information, best practices dictate that a non-profit should always be ready to provide this information about their organization and the gift, whether they are asked for it or not.

**Identifying a Major Donor Prospect**

The process of identifying major donor prospects should always begin with the Board of Directors, as the board should be an organization’s first source for major gifts. Some organizations choose to have a policy of “give-or-get,” that of giving a major gift or finding an individual to provide an amount in lieu of the member’s personal gift. This policy is common and may or may not work for all boards. The real goal is 100% board participation. While all board members must donate to the organization, and non-donors should be invited to step down to committee membership until they are able to give, still, not every board gift need be a major gift. Solicitation of major gifts from board members is the responsibility of the board’s chairperson with the help of the Executive Director, and/or development department.

Looking outside the board, there is no single profile for major donors. However, many experts site the “Triple A” attributes as essential characteristics for your best prospects: Affinity, Access, and Affluence.

- **Affinity**: individuals who are passionate about the organization and its mission. Passionate individuals are not necessarily top donors, but are the most consistent to give small amounts over long periods of time.
- **Access**: individuals of with whom the board or staff has developed a relationship.

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2 http://www.independentsector.org/giving_volunteering
3 Not all members have the luxury to provide a major gift. In addition, major donors are usually pressed for time and have difficulty providing input and sweat equity. This is why we recommend a balanced board in which networkers and experts also participate on the board and give these important skills, in addition to whatever money they can provide. See our white paper titled “5 Steps to Board Building” found here: http://www.cathedralconsulting.com/resources/non-profit-services/board
• **Affluence**: individuals who have the capacity to make a major gift.\(^4\)

Location, although not an A word, should be added to this list. Studies demonstrate that the odds of receiving a major gift from an individual outside of the town or location of are slim. Major donors enjoy seeing the impact of their contribution close to home and tend to only support exceptional programs that can be replicated elsewhere.

Making a list of potential suspects is the first and most important step in looking outside the board to receive a major gift. Any individual that has donated to the organization should be placed on this list. Each name should then be evaluated as active or inactive. Information should be gathered about the background of all active donors, including relationships with associations, alma mater(s), hobbies, and other board memberships. The values the prospect shares with your organization are the best segue to elicit support. Once all information has been collected, each individual should be evaluated according to the aforementioned “Triple A.” Those that make the final cut become the beginning of a major donor prospect list.\(^5\)

Beyond identifying current donors, it is all about locating major donors, receiving their information, and adding them to the list. Additional suggestions to find major donors include:

• Have coffee or lunch with each individual board member. Inquire as to additional names he/she would like to place on the list. Also inquire about the member’s hobbies, membership associations, volunteer activities, etc. Lastly, before the meeting view the member’s social networking profiles such as LinkedIn and speak to specific contacts they have that could be added to the list. The key to this conversation is to approach it as an opportunity to support the board member in his/her efforts to better promote the organization.
• Request access to the LinkedIn profiles of all the board members. Utilizing connections made through LinkedIn can be an easy way to support board in their efforts to reach out to potential major donors.
• Create a recurring opportunity for board members and staff to introduce the organization to individuals they believe may be interested. This could be an annual meeting, weekly dinner, retreat, or breakfast on the first Friday of each month, for example.
• Investigate, visit, and be visible at local associations such as the Rotary Club, American Legion, volunteer opportunities, or church councils. Many of these organizations are where the retired executives meet to “keep in touch” with the world.
• Receive names from the Annual Reports or IRS 990s of other nonprofits in the same industry or cause. These reports are often segmented by the size of the gift.
• Don’t forget family and friends.

This group participation is a crucial step for ownership of the fundraising efforts and should not be overlooked.

**Key Factors to Keep in Mind**

Key factors to keep in mind prior to beginning major donor cultivation are the following:


\(^5\) There are professional services for hire that are able to tell organizations the net worth and giving patterns of certain major donors. Blackbaud Major Donor search and others are rather expensive software that try to troll on nonprofit tax returns and piece together the giving patterns of one individual.
• Patience is key. Results of a study determined that it takes an average of seven visits by different people more than 18 months to close a major gift.⁶
• Personal relationships and reaching out is best. A national study showed that for every $1 received through a mail solicitation, $12 can be raised by telephone contact, and $50 can be raised through face-to-face communications.⁷
• No nonprofit is entitled to support. All have to earn it over and over. In fact, major givers will judge an organization in part by how hard it works to prove its value. This is one reason why a crisp case for support is crucial to winning a major donor.
• An organization that communicates desperation is unlikely to succeed in attracting major gifts. People do not want to give their money to an organization that they perceive to be stressed beyond its ability to carry out its mission and/or unable to sustain itself financially to stay open 12 more months.
• Beware of cultivating a donor for too long. Don't spend so much time trying to gather every possible bit of information that you never get around to making the Ask. You'll know when you have enough information and the time is right. Don't procrastinate about it either. If you get scared and put it off, you are losing an opportunity. What's more, you are denying the donor the chance to participate in your organization's mission.

In today’s landscape of budget cuts and fierce competition for donor dollars, a successful major gifts program can set an organization apart from the rest. Identifying potential major donors is the simply the first step in this process. Placing the major donor prospect list into an effective donor database⁸, creating a solid case for support before the asks begin, and individually adapting each ask will provide the right foundation necessary to effectively cultivate major donors and bring in the dollars that your organization deserves.

Articles for Further Reading
2. Johnston, Larry Fred, Ph.D., “Maximizing Donor Value: Key Satisfaction Drivers for Major Donors to Nonprofit Organizations.” Fielding Graduate Institute, 211.

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⁷ Ibid.
⁸ Creation of an effective donor base is addressed in our white paper and webinar found here: http://www.cathedralconsulting.com/content/excel-spreadsheet-donor-database