



2017 MAJOR GIFTS FUNDRAISING BENCHMARK STUDY:

How Does Your Organization Compare?



Real
Insights



Discover what prospect identification processes other nonprofits use



Compare the effectiveness of prospect tools



Explore insights from your peers

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WHAT ARE WE DOING AND WHY?

Major gifts make up as much as 80 percent of a typical nonprofit organization's charitable income in a year—and come from 20 percent or fewer of the donors. Yet, despite the fact that fundraising is studied widely, we still know remarkably little about major gifts. For instance, how large they are, what tools organizations really use, and what methods work best.

This first-ever “*Major Gifts Fundraising Benchmark Study*” establishes useful baselines. For this study, more than 600 organizations in the U.S. and Canada participated. The data was collected in February and March 2017.

What follows is practical information that will help your major gift program become more efficient and effective.

We are grateful for **MarketSmart's** sponsorship of this study and the personal commitment shown by Greg Warner and his team.



Missy Gale
Immediate Past Chair (July 2015 - June 2017)
Association of Philanthropic Counsel



Melissa S. Brown
Principal
Melissa S. Brown & Associates

FIRST THINGS FIRST: WHAT AMOUNT MAKES A GIFT A “MAJOR GIFT”?

Charitable organizations vary dramatically in the type of service they provide, their overall operating budget, the community they serve, and their fundraising base (local, regional, national or international). Nonetheless, this study found that more than one-quarter of the respondents consider “major gifts” to start in the range of \$1,000 to \$2,499. This figure cuts across various types of organizations.

“A major gift is a donation in an amount that is significant to the organization, whether it’s \$100 or \$1,000,000 or some amount in between.”

From the Association of Fundraising Professionals’ Ready Reference Series: Asking for Major Gifts: Steps to Successful Solicitation

Figure 1: **\$1,000 - \$2,499 is the most repeated size that qualifies as a major gift**

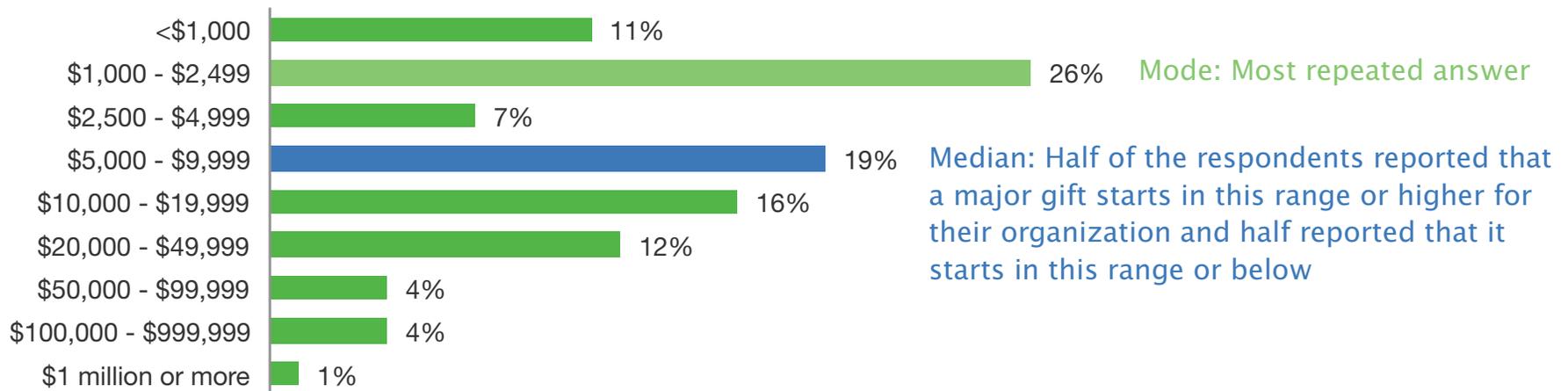


Figure 2: **Organizations with larger operating budgets set higher minimum amounts to qualify as a major gift**

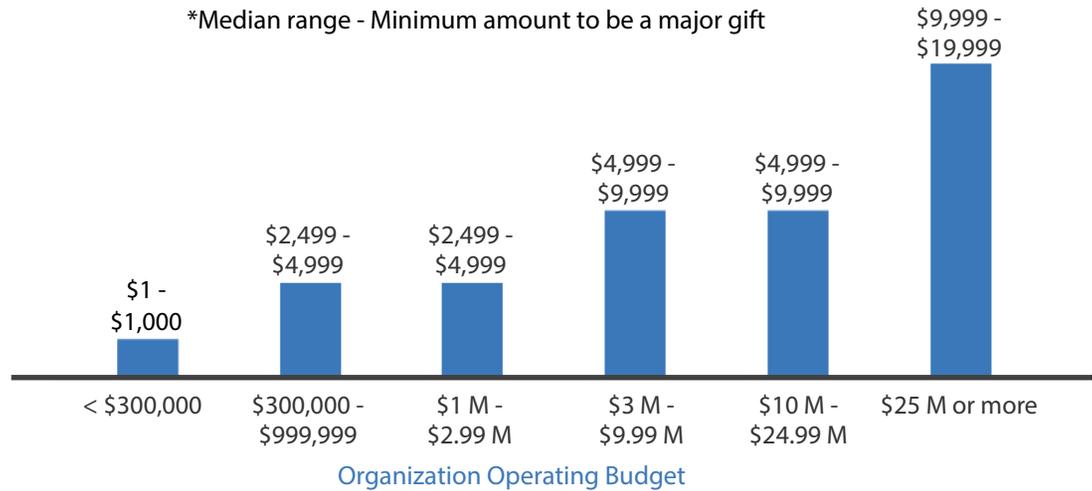
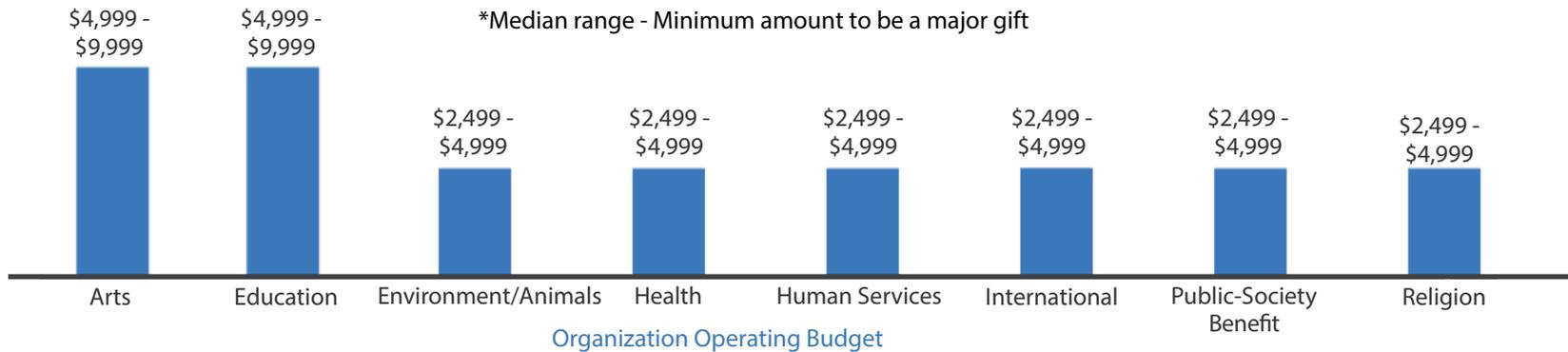


Figure 3: **Arts and Education organizations set a higher amount for what counts as a major gift**



*Median: Half of the respondents reported that a major gift starts in this range or higher for their organization and half reported that it starts in this range or below.

ARE YOU USING A CONSISTENT PROCESS?

People in this study reported whether or not their organization consistently uses a process to identify major gift prospects. Those who do are more likely to meet their major gift fundraising goals.

Figure 4: **About 4 in 10 respondents consistently use a process to identify potential major gift prospects**

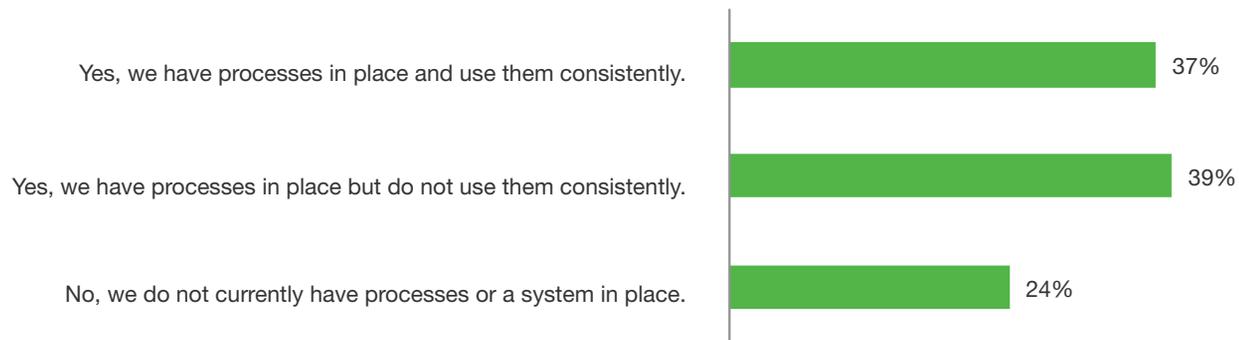
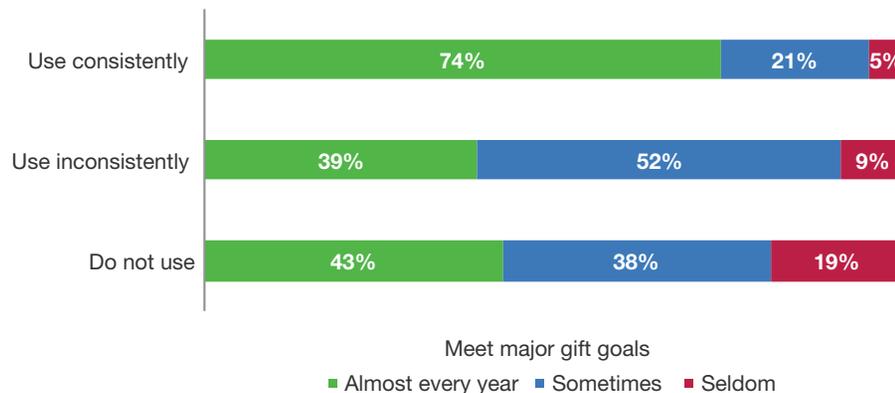


Figure 5: **Majority of the respondents who use a consistent process to identify prospects also meet their major gift fundraising goals**



ARE YOU USING A CONSISTENT PROCESS?

WHAT PROSPECT IDENTIFICATION METHODS DO ORGANIZATIONS USE?

An organization may use one or several different prospect identification methods .

We asked about six methods that primarily use data or technology (such as analysis of donor records or a wealth screening service).

We also asked about five methods that use human intelligence, whether from board or committee members, staff, or donor surveys.

We looked at a total of 11 different prospect identification methods. Table 1 shows the percentage of all survey participants that use each of the prospect identification methods we studied. Respondents were allowed to select multiple methods.

163 of the respondents that used a consistent fundraising approach also met their major gift goals. We explored this sample to access which methods were most closely associated with meeting goals.

Table 1: **Most organizations rely on staff member knowledge; few ask donors directly for information**

Prospect Identification Method	% Using (n=562)
Knowledge of staff	90%
Donor record/CRM* analysis	78%
Prospect research	76%
Referrals from donors or board members	72%
Knowledge of board members, volunteers	66%
Wealth Screening	56%
Track Direct Engagement	56%
Information from other organizations	35%
Modeling “typical donor”	33%
Track Digital Engagement	28%
Donor Surveys	21%

* *Customer Relationship Management*

ARE YOU USING A CONSISTENT PROCESS?

WHICH METHODS WORK?

Among participating organizations that said they meet major gift fundraising goals and consistently use prospect identification processes, these four methods proved to be most closely associated with meeting goals.

TECHNOLOGY-BASED METHODS

- 1) Analyze donor transaction records
- 2) Employ tracking methods to understand how prospects engage online with your organization

HUMAN INTELLIGENCE METHODS

- 3) Prospect research
- 4) Referral by other donors or volunteers

HOW WE PICKED THE WINNERS

About 200 participants claimed to consistently have one or multiple processes in place. For example, in this group:

- About one-third (31%) use donor surveys
- About a half (47%) use analytical models of a “typical donor”
- 69 percent draw on the knowledge of board or committee members
- 73 percent use wealth screening and 75 percent use prospect research

The real question is not whether a method is used, but whether using it is associated with a greater likelihood of meeting major gift fundraising goals. In total, 163 respondents identified using a consistent approach and meeting their goals. We explored this sample size to assess which methods proved to be most closely associated with meeting goals.

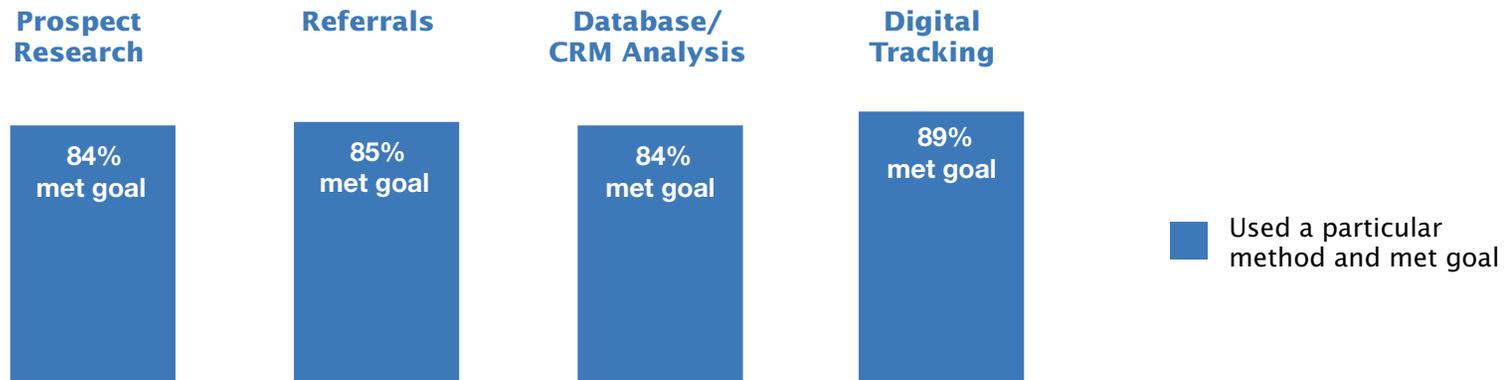
ARE YOU USING A CONSISTENT PROCESS?

We found four methods of prospect identification that are clearly associated with helping organizations meet their major gift fundraising goals.

If you are not using one of these methods, it might be something worth exploring. If you have to choose between one of the eleven methods we examined, these four would be the best places to start.

- Conducting prospect research
- Asking for referrals from current donors, volunteers, and other advocates
- Analysis of your donor database/CRM
- Tracking which donors engage online or interact with your organization's digital content

Figure 6: **Four major gift prospect identification methods most closely associated with meeting goals***



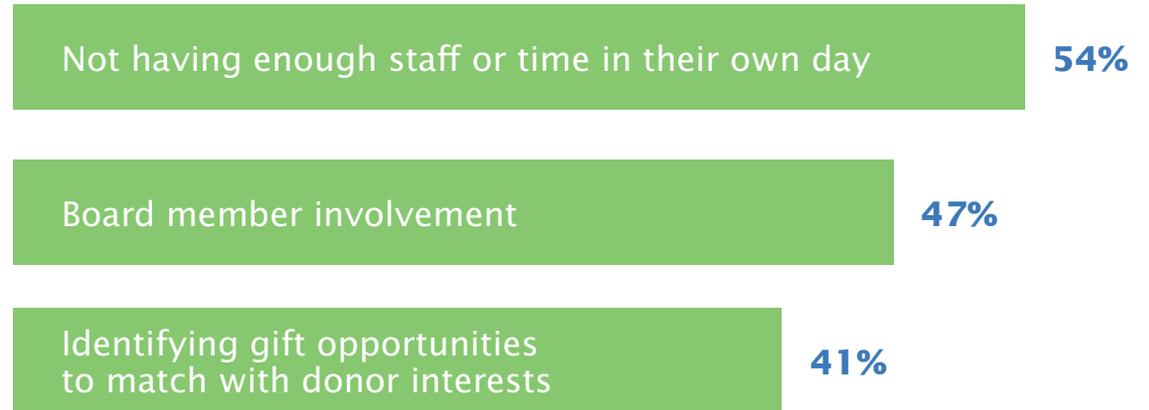
*This chart only focuses on the 163 respondents that use consistent prospect identification methods

WHAT ARE YOUR CHALLENGES?

For this study, we asked about challenges impeding major gift fundraising. Repeatedly, in different questions, respondents said they struggle with having enough staff (or enough time in their own day) to get the work done, **whether or not they met their goal.**

More than half (54%) listed this as one of their three biggest challenges, followed by 47% who mentioned board member involvement in fundraising, and 41% who identified creating gift opportunities to match with donor interests. The top three challenges selected from a list of seven varied little by organization size, as shown in Figure 7.

Figure 7: **Most dominant challenges impeding major gift fundraising**



By organization budget range

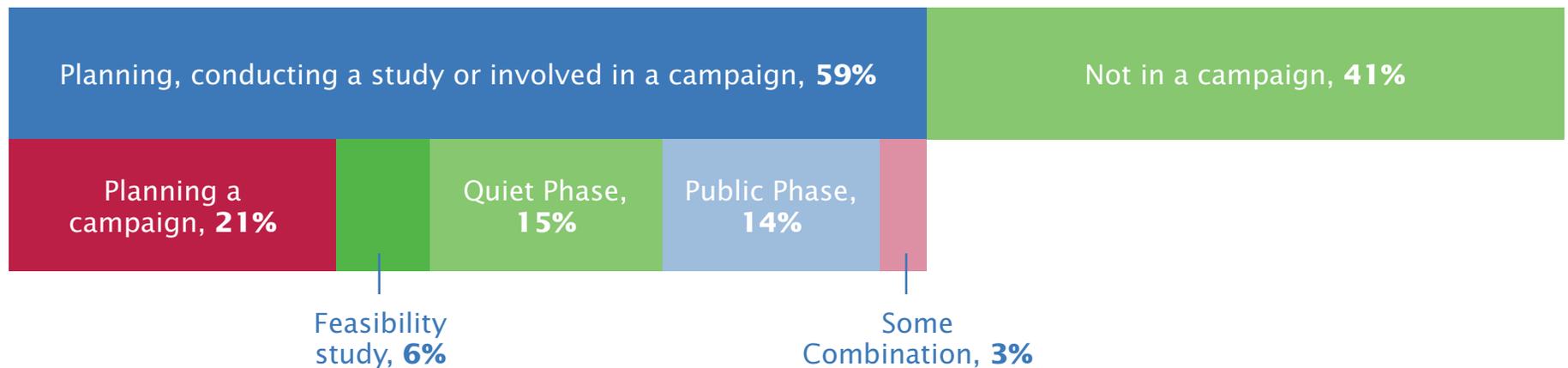
	Not enough staff or time	Board member involvement	Identifying gift opportunities
<\$300,000	46%	48%	40%
\$300,000-\$999,999	54%	64%	61%
\$1M-\$2.99M	48%	56%	14%
\$3M-\$9.99	49%	49%	74%
\$10M-\$24.99M	51%	43%	84%
\$25M+	64%	42%	97%

Organizations with smaller operating budgets struggle more with board member involvement while organizations with larger operating budgets struggle more with identifying gift opportunities

ARE YOU PLANNING OR ARE YOU INVOLVED IN A CAPITAL OR ENDOWMENT CAMPAIGN?

Of the survey participants, 32% were in a campaign . They were roughly split between being in a quiet phase and an active phase . Another 21% percent were planning for a campaign and 6% had reached the feasibility study stage. **41% said their organization was not in a campaign phase.**

Figure 8: **Fifty-nine percent are either planning, conducting a study or involved in a campaign**



METHODOLOGY

This study is based on an online survey conducted from February 14 to March 14, 2017. The survey received 637 total responses and four were ineligible because they included too few answers for analysis. The results are based on 633 responses.

Figure 9: **A fairly good distribution by budget sizes yields enough for analysis by size**

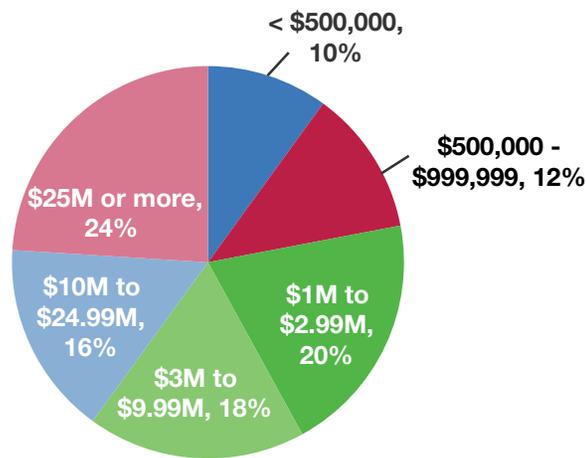


Figure 10: **Charities in Canada and in all four regions of the U.S. participated in this study**

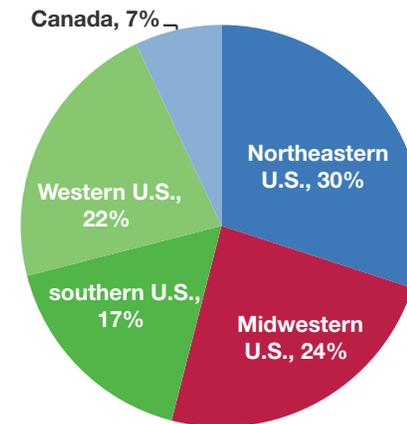
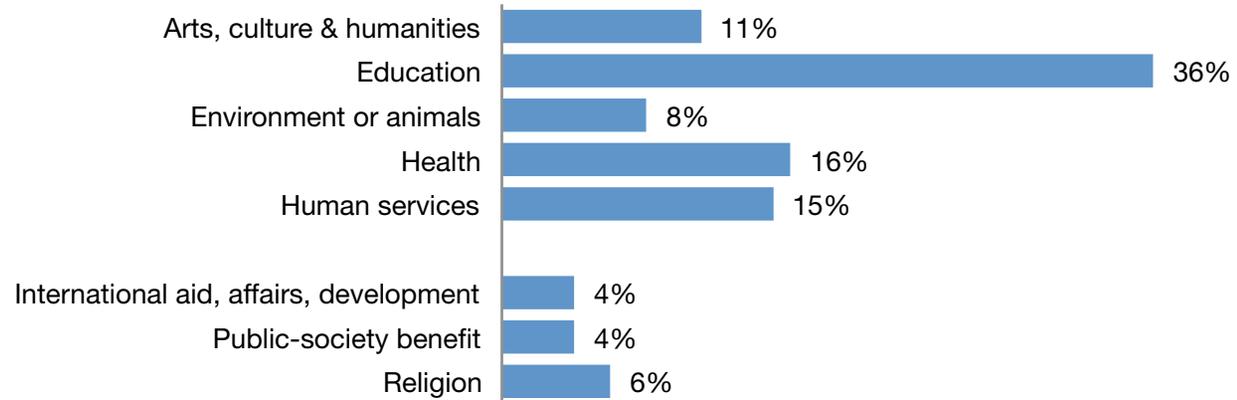


Figure 11: **More education groups participated than any other type of charitable organization**



ANALYZING GROUPS BASED ON INFORMATION COMPLETED

To determine which, if any, prospect identification method appears to help an organization meet their goal, we first divided the responses into four types of organizations, as shown in Table 2.

Table 2: **Four types of organizations based on answers for processes to identify prospects and on meeting goals**

		Meets major gift fundraising goals		Totals
		“Almost every year” or Sometimes	Seldom or Never	
Answers about processes to identify major gift prospects	Consistently uses a process	170	37	207
	Says which methods used	163	36	199
	No information on methods	7	1	8
	Does not consistently use a process	181	162	343
	Says which methods used	172	158	330
	No information on methods	9	4	13

See Table 3 on the next page for percentages based on Table 2. It shows that among participating organizations that consistently use a process to identify major gift prospects, 82 percent meet their major gift fundraising goal “Almost every year” or “Sometimes,” and 18 percent meet that goal “Seldom” or “Never.” This suggests that using some methods as part of the prospect identification process might matter more than using other methods. We can see that the organizations that do not consistently use a process are about equally divided on whether they meet their major gift fundraising goals: 52 percent do and 48 percent do not.

Also on the next page, Table 4 shows an example of the way we determined a “winning” method among the 11 methods of prospect identification. The example is based on conducting prospect research. In short, survey participants who consistently use some process and use that specific method are more likely to meet major gift fundraising goals than are participants who consistently use some process but do not use that specific method.

Table 3: **Percentages based on Table 1**

		Meets major gift fundraising goals		Totals
		“Almost every year” or Sometimes	Seldom or Never	
Answers about process to identify major gift prospects	Consistently uses a process and says what methods are used	163 82%	36 18%	199 100%
	Does not consistently use a process but uses some methods sometimes	172 52%	158 48%	330 100%

Table 4: **Using Prospect research is associated with being more likely to meet major gift fundraising goals**

Takes all that used any process consistently and divides into four groups based on whether they use a method of prospect research and meet goals. n = 163

		Meets major gift fundraising goals		Totals
		“Almost every year” or Sometimes	Seldom or Never	
Consistent use of a process to identify major gift prospects	Uses prospect research	84%	16%	100%
	Does not use prospect research	65%	35%	100%

Gap in percentage that meet goal (Use prospect research) <i>minus</i> (Does not use)	19 percentage points
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INSIGHTS FROM THE FIELD

“ Invest first in getting your database in order. The information you have already about existing donors and recent past donors is a goldmine. Too many organizations overlook that. ”

Sharon Leighty

Sharon Leighty & Co.
Assistant Treasurer and Membership Committee
Association of Philanthropic Counsel

“ I find it interesting that more than a quarter of nonprofits consider a ‘major gift’ to begin between \$1,000 and \$2,500 . Thirty-five years ago, 1,000 was the most common major gift starting point where I lived in San Francisco . That was when the median home price nationally was around \$70,000 . Now it is at least three times more, at about \$230,000 . College tuition, room and board i 1982 averaged about \$3,500 . Now it is more than \$25,000, or more than six times higher The major donor floor has not increased to keep pace with inflation! It should be at least \$2,500 now. To keep up with college costs or housing expenses, it should be \$3,000 to \$6,000. Are some nonprofits setting their goals too low? ”

Claire Axelrad, JD, CFRE

Principal at Clairification

“ Launching a fundraising initiative is about helping your organization meet strategic goals. Great fundraising starts with a strong case narrative and a story to tell about your organization’s vision and success. It relies on having enough people engaged who can give enough to reach the goals. Your organization needs to identify prospects ahead of time in order to fill that pipeline. ”

Deepa Naik

Nonprofit Advisor, Capstone Advancement Partners
Member, Association of Philanthropic Counsel

“ Your mission—the work your organization does—meets some human or community need. To fill the pipeline, your organization must communicate clearly just how you improve lives and invite people to be your partners in working toward that goal. Donors like to affiliate with successful organizations so be consistent in how you demonstrate your impact and how a donor’s gift will matter. ”

Missy Gale, CFRE

M. Gale & Associates

Chair, Association of Philanthropic Counsel

“ Know your donors, meet with your donors, ask your donors. You’ll need some time, some research, some training and lots of enthusiasm. ”

Diane Remin

Founder and President, MajorDonors.com

“ The vast majority of funds your organization can raise will come from major gifts. Prioritize your time and spend the most effort there. Draw in others to help with administrative tasks like, stuffing envelopes, entering donor information in your data base, etc. Board members, student interns, someone will be willing to help if you just ask and have systems set up so they can implement them. Your focus should be on building relationships with your donors. Your donors are waiting for you to talk to them. You simply cannot be too busy for that. ”

Jeff Schreifels

Senior Partner, Veritus Group

ABOUT THE SPONSOR:



An international professional association of consultants working with nonprofit organizations, the Association of Philanthropic Counsel promotes best practices and upholds ethical standards in the delivery of professional philanthropic services to non-profit organizations and enhances members' business operations through professional development and interaction.

Website: www.apcinc.com

STUDY FUNDED BY:



MarketSmart helps nonprofits raise exponentially more funds at drastically lower costs using ridiculously effective strategies and innovative technologies.

Website: www.imarketsmart.com

DATA SERVICES PROVIDER:



Melissa S. Brown & Associates helps charitable organizations turn research into action. A member of the Association of Philanthropic Counsel.

Email: msbrownllc@att.net

FEATURED PRODUCT:



The Fundraising Report Card is a free, simple fundraising analytics tool used by thousands of nonprofits around the world to leverage data for raising more money.

Website: www.fundraisingreportcard.com