



Scaling Personalized Cultivation

Part Four of the New Frontiers in Pipeline Development
Webconference Series

Advancement Forum

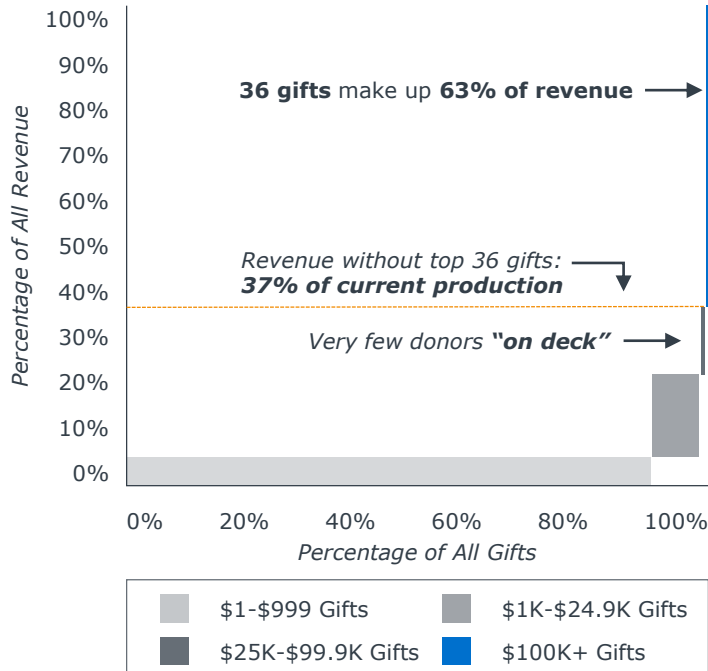


An Unstable Center of Gravity

Overreliance on Top of Giving Pyramid Creates Unsustainability Risk

Success Rests on Needle-Thin Donor Segment

Revenue and Gifts by Gift Level, 2014-2016 Average



Our Shrinking Island

"Relative revenue stability may be masking the significance of the underlying trend: nonprofits are receiving roughly the same amount of money from fewer and fewer donors each year. This is a strategy that may allow organizations to meet their revenue goals in the short term, but **may not be sustainable over the long term.**"

Target Analytics
donorCentrics Report, 2015

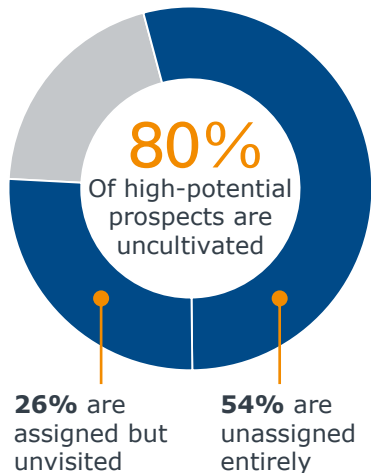
Source: EAB Advancement Investment and Performance Initiative, 2014-2016; Flannery H, et al., "donorCentrics Index," Target Analytics (2015), <https://www.blackbaud.com/files/resources/target-index-results-summary-q4-2015.pdf>; Advancement Forum interviews and analysis.

An Alarming Oversight

Data Analysis Reveals That High-Potential Individuals Often Go Ignored

Most Major Gift Prospects Are Overlooked

Reeher LLC, 2013



Poor Pipeline Penetration Leads to Millions in Lost Revenue

Advancement Investment and Performance Initiative, 2014-2016¹

Capacity Tier	Identified Prospects	Current Gifts in Tier	Minimum Untapped Capacity ²
\$100K-\$499.9K	2,235	28	\$13,958,143
\$500K-\$999.9K	220	4	\$4,766,141
\$1M-\$9.9M	179	4	\$9,546,403
\$10M+	16	0	\$10,000,000
Total	2,650	36	\$38,270,687

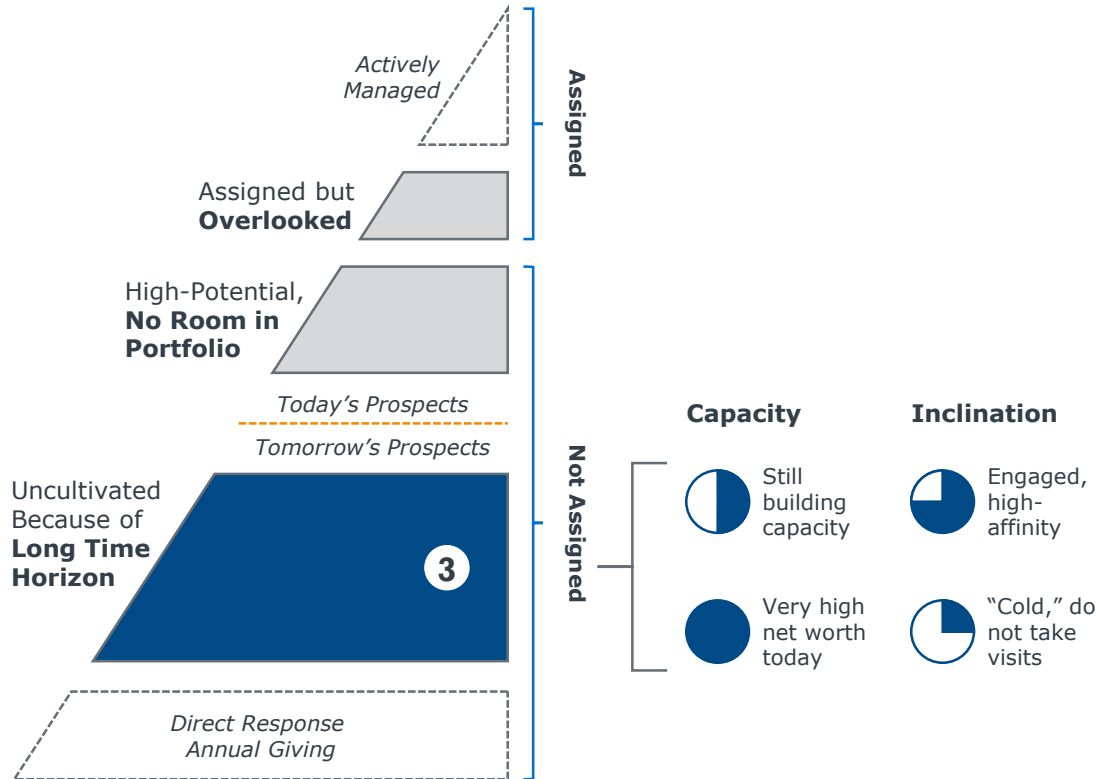
The median institution receives \$100K+ gifts from just **1.4% of its identified prospects**

1) Data presented in this table represent medians.

2) Minimum untapped capacity is calculated based on the revenue that would result if 5% of identified suspects—96 additional donors—gave a gift equal to the average gift for that tier. For example, the average gift between \$100K-\$499.9K is \$172,096. If 5% of all prospects rated \$100K-\$499.9K gave \$172,096, the institution would receive an additional \$13,948,143.

Shifting Our Focus to the Future

Developing-Capacity and "Cold" Prospects Go Uncultivated



Tomorrow's Prospects Beyond Our Reach

Significant Constraints Hamper Full-Pipeline Cultivation

"Why Aren't We Cultivating the Pipeline?"



Prospects Still Developing Capacity

“We should stay in touch, but we can't focus our MGOs on **low-level prospects**.”



Prospects Are Not Warm

“We've tried reaching out, and we get nothing. They're just **not willing to take a visit** with an MGO.”



Not Enough Fundraisers

“We operate in an **environment of scarcity**. Our MGOs can only do so much. But that can mean they ignore the pipeline.”

A Conundrum of Scale

20.3

Average number of MGOs



15.5

New prospects seen annually per MGO



24

Years to visit just 10% of alumni of record¹

Source: Reeher, "Managing Officer Activity: An Executive Discipline for Driving Gift Officer Productivity" <http://info.reeher.com/rs/reeherlrc/images/ReeherWhitePaperManagingOfficerActivities.pdf>; VSE Corporation, Alexandria, VA; Bentz Whaley Flessner, Dec. 2014, <http://www.bwf.com/wp-content/uploads/2015/01/December2014.pdf>; EAB Advancement Investment and Performance Initiative, 2014-2016; Advancement Forum interviews and analysis.

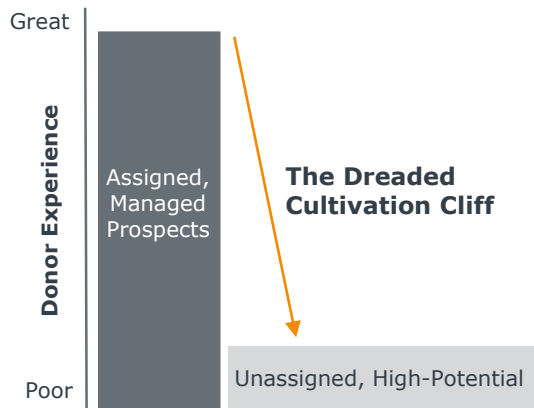
1) Based on 76,410 average alumni of record.

Softening the Cultivation Cliff



Many Institutions Struggle with “Next Layer” of Unmanaged Prospects

Without Active Management, a Steep Quality Decline



✘ Unmanaged prospects get **one-size-fits-all** cultivation



Looking for Cultivation at Scale

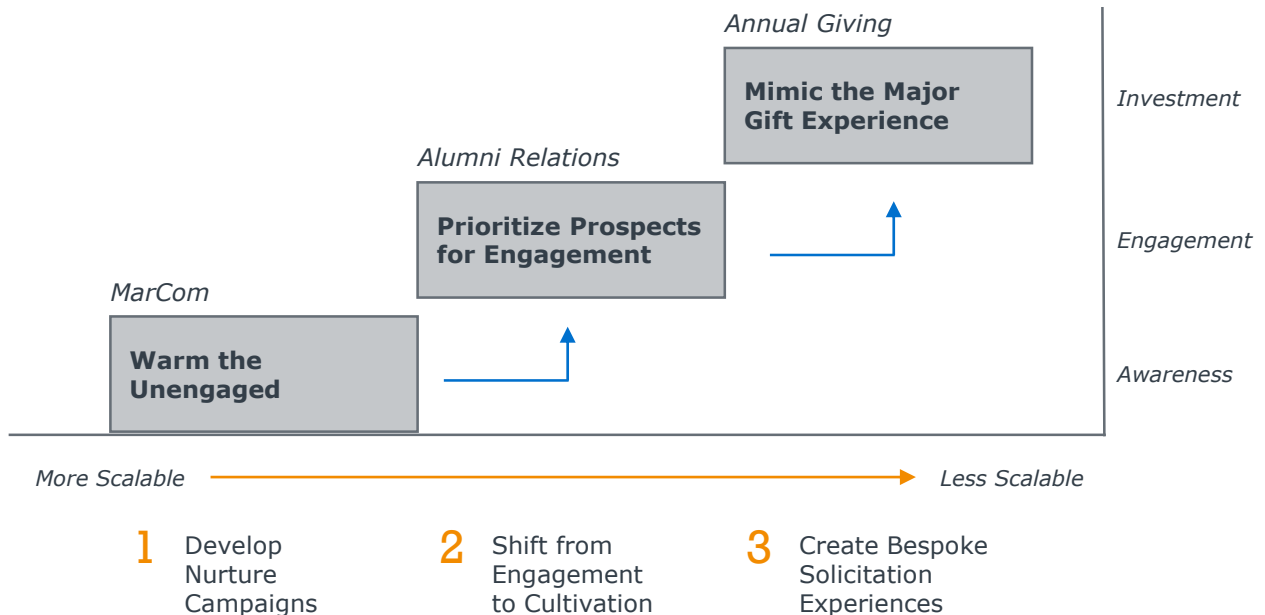
“We have no problem finding that ‘next layer’ of prospects. Honestly, we have more unqualified and lukewarm prospects than we can handle. There are plenty of prospects who aren’t getting attention. What we’re looking for is a strategy to **cultivate and keep them warm until they merit personal attention**—and to maximize their giving without that personal attention. We can do visits. We struggle with the ‘scale’ piece.”

*Susan Hayes-McQueen
Senior Director, Prospect Management,
Research, and Analytics
University of Washington*

It Takes a Village to Cultivate a Pipeline

To Achieve Scale, Advancement as a Whole Must Rethink Strategy

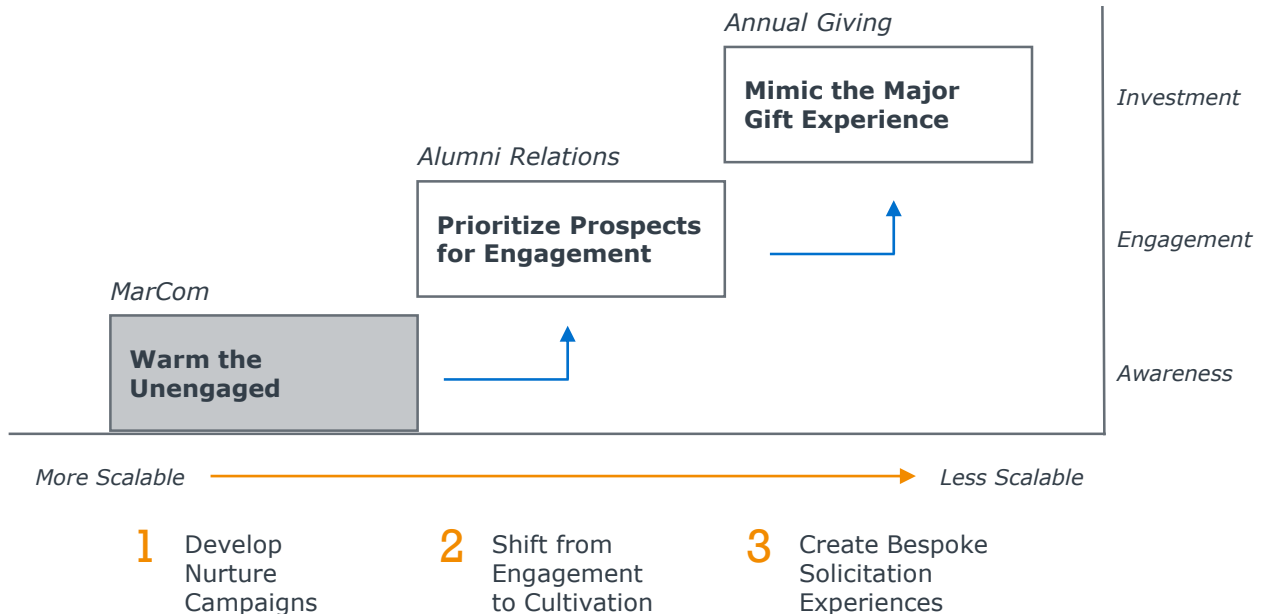
A Road Map for Scaling Personalized Cultivation



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“One-Size-Fits-None” Communications

Best Outreach Sent to Prospects Who Are Already Warm



Compelling Messages for Current Donors...

- Donor relations sends annual reports, impact statements
- Gift society members receive advance notice of breaking news



...But Little for “Cold” or Unconvinced Prospects

- Highly-rated unengaged prospects included in broadest marketing segments
- Generic content does little to cultivate and increase engagement



The “Chicken and Egg” Prospect Problem

“I see something of a ‘chicken and egg’ problem when it comes to our high-potential, unengaged prospects. They’re not getting segmented communications personalized to them because they’re not giving society-level gifts—and they’re **not giving society-level gifts because we’re not cultivating them** with those messages.”

*Vice President for Advancement
Private Research University*

Nurturing Leads through MarCom

Specialized Messaging Will Target 10,000 Prospects in Qualification

McGill University Segments Discovery Prospects

- 1 Identify**
Maintain list of 10,000 prospects in qualification
- 2 Target**
Segment out from general communications pool
- 3 Manage**
Assess behaviors and customize communications

Segmented Emails Reach Pre-Qualification Prospects



Track Prospect Micro-Behaviors

Monitor and analyze clickthroughs, open rates, time on page, and more for prospects in qualification



Customize Scripting

Tailor mass communications to qualification prospects based on lessons learned from micro-behavior tracking

Communicating Now to Cultivate Later

“ We knew we needed to communicate differently to our high-potential prospects—the ones who fundraisers weren’t reaching. We had to make that audience feel special **so when our fundraisers do reach out, they decide to engage with us.**”

*Paul Chesser, Assistant Vice-Principal, Development
McGill University*

Warming the Unengaged

Multichannel Campaign for High-Potential Suspects at Rutgers University



Pre-Cultivation Communication

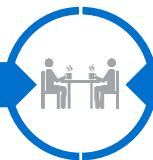
- **Timeframe:** October-December
- **Population:** 5,000 cold prospects with capacity over \$25,000
- **Channel:** Emails, postcards, and targeted web ads
- **Content:** Donor impact stories and positive news about Rutgers



Outsourced Visit Scheduling

- **Timeframe:** January-June
- **Channel:** Phone outreach by RNL callers to "warmed" prospects
- **Goal:** Schedule qualification visits with MGOs
- **Next-Step:** MGO completes qualification visit

Win Mindshare



Convert into Visits

Strategic Goals of Prospect-Warming Initiative



Increase Visits

Meet with previously unresponsive high-net-worth prospects



Boost Qualifications

Move more prospects into major-gift cultivation



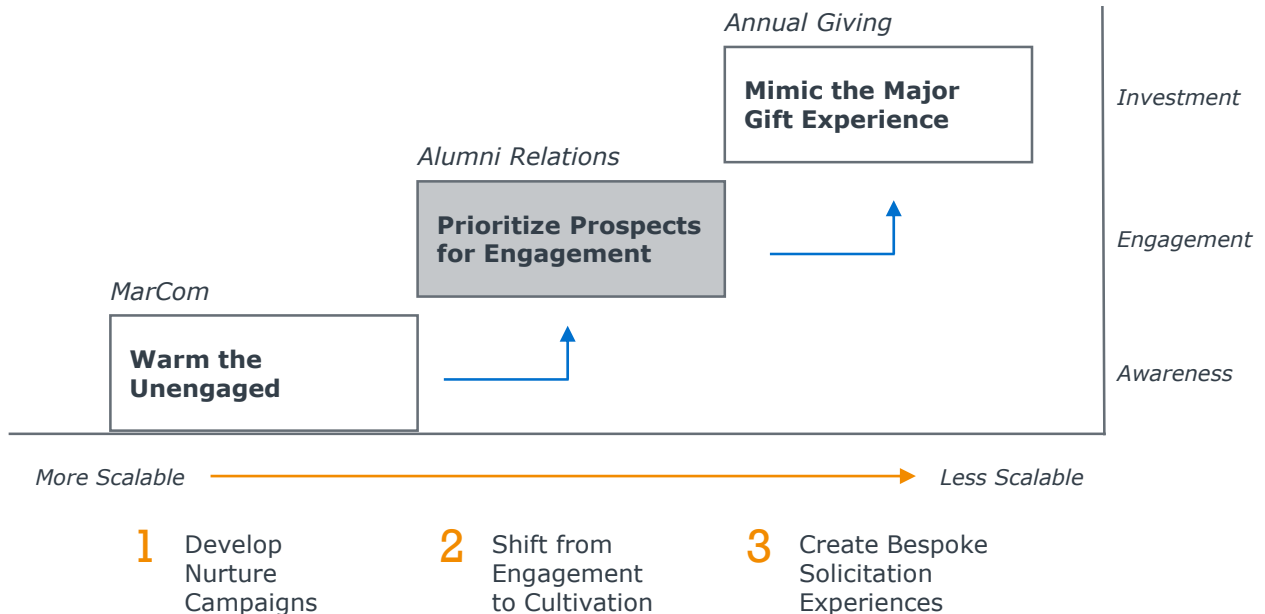
Close Gifts

Bring in donations from new pipeline prospects

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Looking to Alumni Relations for Cultivation

Engagement Professionals Set to Take On Prospect Management

From Broad-Based Programming...

Alumni Relations 1.0



Start with the Program

Repeat traditional slate of programming; emphasize events



Assess Inputs, Outputs

Track attendance and satisfaction; alumni's next action not tracked



Serve All Equally

Design for everyone; attract mostly young or reunion alumni



...To Targeted Prospect Engagement

Alumni Relations 2.0

Start with the Alumnus/a

Determine group's needs and design strategies to meet them



Assess Outcomes, ROI

Evaluate staff efforts by how they impact giving and future engagement



Target Priority Alumni

Direct staff resources to alumni who can make the biggest impact



A Strategic Partner to Development



65%

Of alumni relations units are **integrated with development** or are working to integrate

56%

Larger budget for alumni relations at institutions that have an integrated model

48%

Of alumni relations units now **use ROI** as a key performance indicator

Launching Pipeline-Focused Programming

Engagement Events Developed to Appeal to High-Potential Segments



DePaul University's **Emerging Leaders Dinners**

*Small group dinners for **future pipeline prospects***

- 10-14 young alumni under 40 with promising job titles
- MGOs (and others) pass leads for prospects to invite
- Attendees give at higher rates after participating



University of Michigan's **X Plore Science Camp**

Mid-career alumni bring children for joint programming

- Three-day engineering and science camp for families
- High-potential prospects receive targeted invite
- Attendance used as sign of enthusiasm, inclination



Marquette University's **CEO Roundtables**

Executive-focused events for key industries and regions

- High-potential prospects visit major donor's workplace
- Programming involves tours and networking
- Program regularly yields high level major gifts

Making It Work on Your Campus

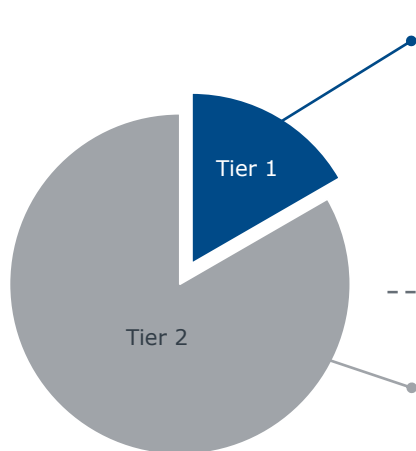
- ✓ **Identify** an underserved high-potential population
- ✓ **Determine interest** and demand for programming
- ✓ Leverage donor and volunteer networks to **recruit prospects**
- ✓ Collaborate with development to **send follow-up appeals**

Bringing Prospect Portfolios to Alumni Relations



Alumni Engagement Officers Build Relationships with Rising Stars

Engagement Portfolios at Elon University



150

Top Priorities

- Family wealth
- Top volunteers
- Rapid upgrades

Engagement Strategy

Personalized, First-to-Know Marketing

- Prioritized for in-person visits
- Personalized messages via phone, text, email, LinkedIn
- First to know about upcoming events, breaking news

1,000

Pipeline Prospects

- Developing capacity
- Gift potential unclear

High-Touch, Scalable Techniques

- Personalized outreach tactics (e.g., mail merge)
- Messages delivered primarily via phone and email

Measuring Engagement Outcomes

Officer Goals Focus on Priority Alumni and Track Key Behaviors

Outcomes Tracker for Assigned Alumni

1 Engagement type 2 Prospect priority

Engagement Officer Tracker		
Officer A	Tier 1	Tier 2
Events	77	466
Volunteerism	52	245
Giving	97	584

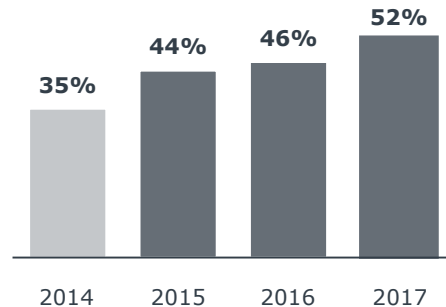
Officer B	Tier 1	Tier 2
Events	66	364
Volunteerism	65	231
Giving	77	498

Managed Prospects Advance through the Pipeline

41% Of managed alumni attend events

24% Of managed alumni volunteer (and 36% of Tier 1 alumni do so)

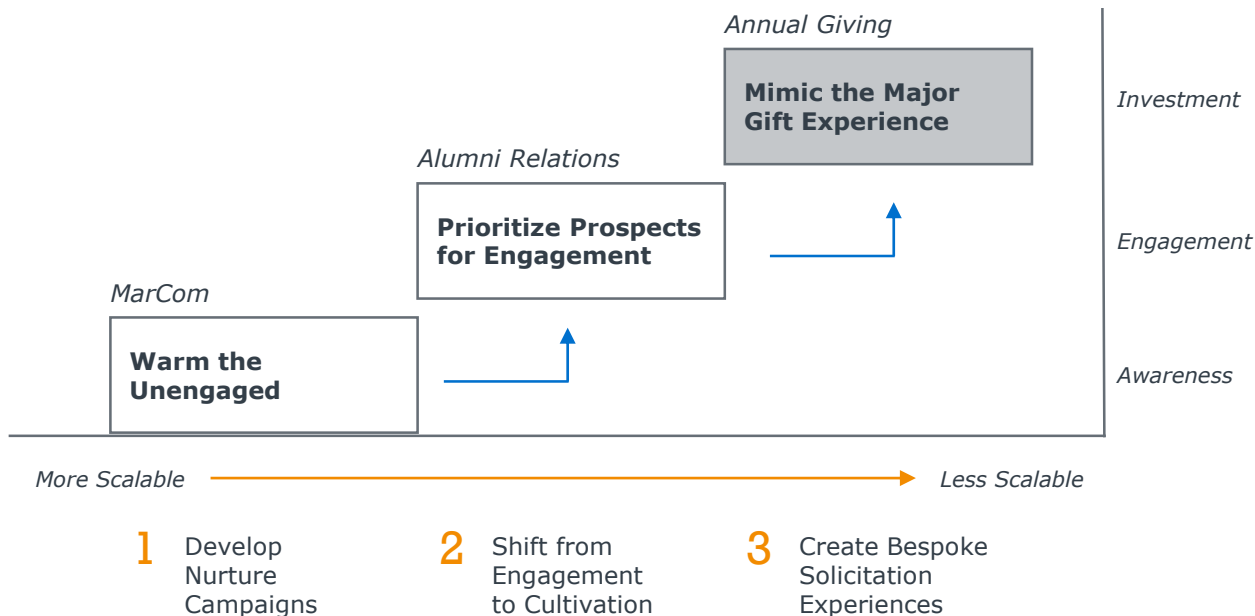
Assigned Prospect Giving Rate



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Annual Giving Shifts Sights to the Pipeline

Advancement Leaders Seek Dual Participation/Pipeline Strategy

Annual Giving c. 2013



“My board keeps asking about our participation rate. It falls every year—a lot of that has to do with young alumni and how hard it is acquiring them.

What can I do to boost the participation rate?”

Annual Giving c. 2017

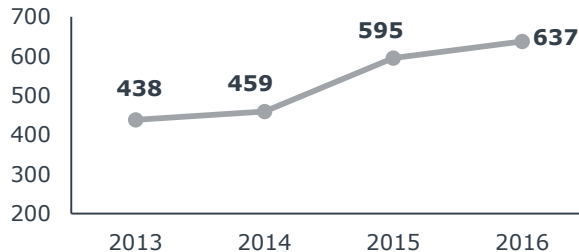


“We’ve started to ‘right the ship’ with participation, but now I’m worry about retention and upgrades. Are these one-time donors, or lifelong supporters?”

What can I do to advance these donors through the pipeline?”

The Usual Playbook: Leadership Annual Giving Officers

Growth in Leadership Annual Giving Officer Job Postings, 2013-2016



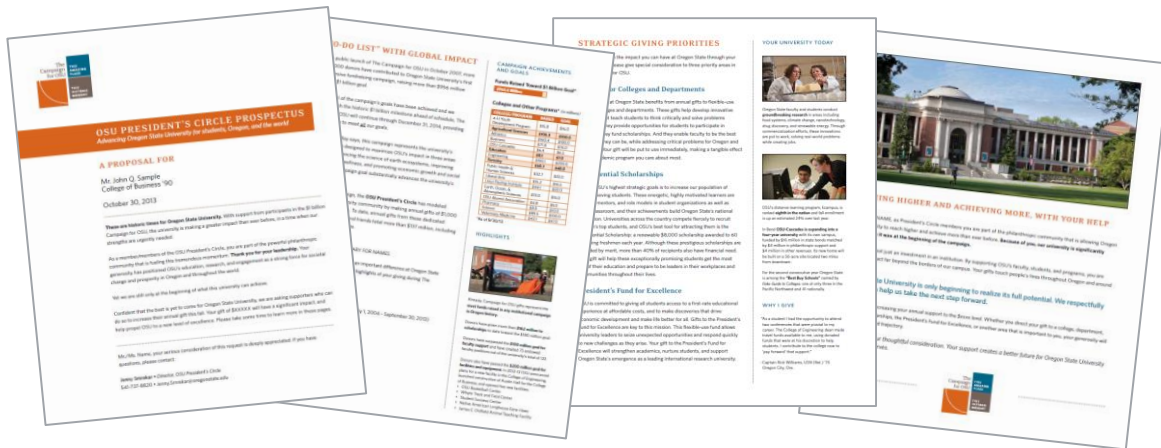
45%

Growth since 2013 in leadership annual giving officer **job postings**

Using Direct Mail to Advance the Pipeline

The Major Gift Proposal Experience—at Scale

Oregon State University's Major-Gifts-Lite Appeal



Key Proposal Elements

- 4 page **impact-driven** investment proposal
- Large, **priority-mail** envelope
- **Personalized** letter from a senior leader
- **Handwritten** address on the envelope
- Highly **customized reply card**

A Solicitation Force-Multiplier

Improving Solicitation Quality for High-Potential Prospect Segments

Targeted Prospect Populations



Highly-Rated Non-Donors

Uncultivated major gift prospects

Purpose: Generate first gifts to begin major gift cultivation



Established President's Circle Donors

Mid-level supporters who consistently give \$2,500+

Purpose: Continue movement toward major gifts



Entry-Level President's Circle Donors

Individuals whose giving hovers around \$1,000

Purpose: Solidify donors' commitment to the university

The Initiative's Reach

906

Mailings sent in 2013

847

Mailings sent in 2014

\$4.44

Cost per mailing



A Proposal That Stands Out

Segmented, Personalized Outreach Produces Large Gains in ROI

Targeted Upgrade Proposals

Key Performance Indicators (KPIs)

Performance Metrics	2013	2014
Response Rate	5.6%	9.6%
Number of Donor Households	51	81
Average Gift Amount	\$3,023	\$2,590
Total Revenue ¹	\$186,842	\$229,000
Return on Investment (excludes staff time)	46:1	61:1 ●

Strong response rate from **priority donor segments**

Upgrades and new gifts from previous non-donors **yield big returns**

High ROI from major-gifts-lite direct mail appeals

1) Total revenue includes matching gifts of \$32,680 for 2013 and \$20,000 for 2014.

Tailoring Appeals to Top Prospects' Interests

Facebook Data Helps Identify Highest-Potential Solicitation Theme

MIT's Strategic Solicitation Development Process

Assess Engagement Analytics

Identify priority population to target

Analyze engagement data to find what resonates best

Craft into Campaign

Find ready-made solicitation opportunity

Send email appeal to all non-donors for selected fund

Robotics Facebook Post Overperforms




Massachusetts Institute of Technology (MIT)
Like Page

College & University · 695,152 Likes · May 29 · 🌐

Jumping cheetah! This MIT #robot clears hurdles while running at 5 mph. Watch: <http://mitne.ws/1eD1MTf>

Image: Haewon Park, Patrick Wensing, and Sangbae Kim

2,781 Likes · 135 Comments · 542 Shares

Like Comment Share

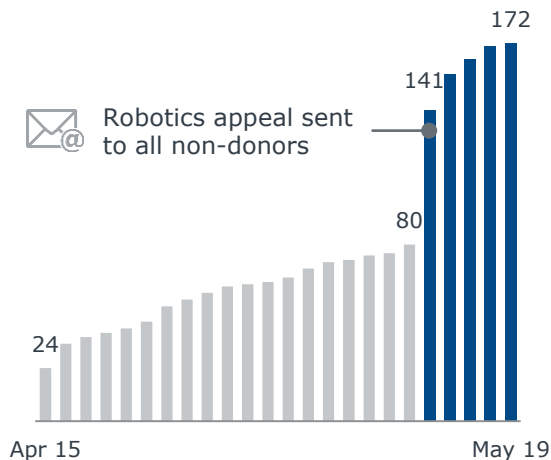
View Post Engagers

Robotics Solicitation Strikes a Chord

Analytics Point to the Right Cause for High-Potential Non-Donors

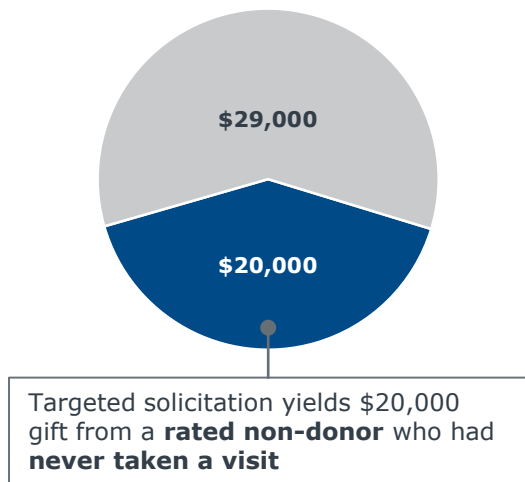
MIT Email Appeal Nearly Doubles Donors...

Total Robotics Campaign Donors, April-May 2015



...And Surfaces Leadership Gift from Non-Donor

Total Robotics Campaign Dollars



The Rise of the Digital Gift Officer

New Fundraising Role Deprioritizes Visits to Emphasize Interactions

A Massive Portfolio at Davidson College

1,000+ Assigned prospects

- 1** Suspected wealth
- 2** Upgrade velocity
- 3** Assigned but overlooked

Apply Now: Digital Engagement Officer

Direct Solicitation/Stewardship (55% of time)

Using digital strategies identify, qualify, cultivate, and steward selected alumni as donors and volunteers...

Digital Engagement Strategy (20% of time)

Develop a comprehensive digital engagement strategy for identified segments of the alumni population...

Data Analysis (10% of time)

Evaluate the reach for all digital engagement...

Special Projects (15% of time)

Responsible for making solicitation calls and texts...

A Multichannel Approach to Pipeline Development



Personalized
email outreach



Text message
campaigns



Skype video
conversations



Social media
engagement

Driving Pipeline Growth from a Desk Chair

Digital Gift Officers Bring Many Benefits, Not Least of Which Is Big Revenue

Benefits of Cornell University's Digital Gift Officer Program



Cost Savings

Lack of travel costs limit fundraising overhead



Greater Geographic Reach

Individuals in prospect-sparse regions receive cultivation



Professional Growth Opportunity

Position acts as springboard to other fundraising roles



Alignment with Prospect Preferences

Younger prospects do not always want a sit-down meeting with a fundraiser



Quick Qualification

A \$5,000 phone gift is a great indication of further philanthropic potential



Outsized Revenue Returns

\$700K

Raised on average by each digital gift officer annually

\$400K

Gift surfaced by digital gift officer



Growth in number of \$5K-\$25K gifts

“Our digital gift officers consistently bring in amounts **comparable to our traveling officers.**”

*Joe Lyons
Executive Director, Leadership Gifts,
Communications and Donor Engagement
Cornell University*

Scaling Personalized Cultivation

Synthesizing Today's Discussion



Key Components

Common Characteristics of Successful Scalable Cultivation Strategies

Cross-Silo Collaborations

Marcom, alumni relations, and annual giving cultivate tomorrow's major gift prospects

Segmentation Based on Potential

One-size-fits-all programming and outreach are replaced by targeted approaches

Inclusive View of Prospect Potential

Prospect potential defined based on future, rather than current, major-gift likelihood

Reliance on Mass Communications

Advancement achieves scale by personalizing high-volume outreach



Should You Focus Here?

Diagnostic Questions to Prioritize Practice Implementation

1. Is less than 40% of your high-potential prospect base currently assigned?

2. Are young alumni disproportionately represented in your alumni population?

3. Do high-net-worth non-donors receive the same appeals as other non-donors?

4. Does engagement programming mostly serve young and reunion alumni?

5. Do MGOs struggle to secure visits because prospects are "cold"?



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