



# **RAISE BIG MONEY FROM THOUSANDS OF YOUR CLOSEST FRIENDS: ENGAGING MAJOR DONORS ONLINE**

A CDR Fundraising Group White Paper

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# ABSTRACT

Best practices from major-gifts and direct-response fundraising can be combined to attract and cultivate larger gifts to nonprofit organizations through the Internet by making relatively wealthy people feel as if they were being approached individually. After discussing the art and science of determining whether or not someone is worth pursuing for a major gift and typical characteristics of donors who give larger gifts, this paper suggests ways to approach major donors and high-dollar donors online.

# TAKE-AWAYS

- ***The best major donor prospect*** is someone who has the capacity to make a large gift, is philanthropically inclined, and has a link to your organization. Major donors are people who have close relationships to your organization and its leaders and who perceive themselves as deeply involved and invested in your mission.
- ***A high-dollar donor*** is a person who makes large gifts to your organization, but who does not have a close collaborative relationship with or personal connection to your organization and its leaders.
- Mid-level, high-dollar programs apply strategies from direct marketing to reach many people, but use major-gifts fundraising strategies to make the donor feel as if the organization is addressing them personally.
- Online marketing is especially well-suited to engaging major donors because online communications can be easily personalized, the organization can share information in real-time and donors can interact with each other and with the organization easily.

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## TWO WORLDS, SAME GOALS

### Different Approaches

Major-gifts and direct-response fundraisers can sometimes seem like they are from two different planets.



Dayna is a specialist in major gifts.

Her work involves nurturing long-term relationships with a small group of individuals. She conducts hours (sometimes days) of research to find out everything she possibly can about each person. She sends them handwritten notes. After figuring out who knows them best, she asks those people to become involved with bringing the donors closer to the organization. Dayna crafts highly-personalized letters connecting donors' interests with the causes for which she raises money. She shares meals with them. She gets to know their spouses, children, employees, pets... it goes on and on. She plans a series of moves to make with donors before she asks them for a gift. And, after they make a gift, her relationship with them continues as she shares with them detailed information about the impact that their gift is having.

Dayna calculates the return on investment of a donor by comparing how much time she has spent on research, writing and cultivation to the amount the donor gave. She also evaluates how passionate they are about the

cause and how willing they are to involve others in it.

Kareem specializes in online marketing.

He stays awake at night dreaming up campaigns to entice thousands, even millions of people to give small amounts to causes about which they may know little. He creates interactive campaigns and writes stories that he hopes will engage many people, then tests different versions to see which way of telling the charity's story gets the best response. He loves to play with spreadsheets and obsesses about click-through rates, open rates, file sizes and net revenue. He recognizes that people want information about programs and stories that relate to their own specific interests, and that they want fun and interesting ways to learn about those related efforts, far more often than they want to be



asked to make a financial contribution. And, Kareem wants donors to tell others in their network about the causes they support, as they are the best ambassadors any charity could wish for.

Kareem evaluates the return on investment of an online campaign through a complex calculation of how much time he spent developing the campaign strategy and writing and designing the e-mails and Web pages, the cost of the online platform and other tools, and the gross revenue the campaign raised. He also looks at how many

new e-mail addresses have been added to the organization's file as well as the "buzz" created as a result of the campaigns he's dreamt up.

Dayna believes that Kareem only cares about numbers. Kareem thinks Dayna spends all of her time at tea parties. Dayna thinks Kareem holds donors at arm's length and doesn't remember that they are individuals with unique interests and passions. Kareem thinks Dayna doesn't understand how important it is to test and to measure results.

## Working Together

Yet, are Dayna and Kareem really all that different? Both of them understand what Kareem calls the ladder of engagement – that the best way to secure a donation is to start by inviting donors to do something simple for a charity, like taking a tour or signing up for an e-newsletter, and slowly building their interest and commitment to the point where they are ready to make a gift. Both of them design strategies for people to feel connected and involved with the charities to which they contribute. Both know that the greater the level of engagement, the greater likelihood a donor will give subsequent and larger gifts. Both want donors to feel that their gifts matter and are affecting real change. And, both of them want to raise lots of money for good causes, with reasonable limits on the costs involved to raise that money.

So, imagine what would happen if Dayna and Kareem put aside their preconceptions about one another's methods and decided to work together? Could they reach out to millions of people and make them feel as if Dayna just had tea with them? Could they reach out to the people with whom Dayna had tea and

engage them in the organization, without necessarily always connecting with them one-on-one?

Because people who give large gifts are already online, there is a huge opportunity to engage these people and to raise significantly more dollars for your nonprofit organization.



Research by Convio, Sea Change and Edge Strategies gives us clues about the online behavior and preferences of donors who contributed at least \$1,000 to one or more charities within the previous year:

- They have been using the Internet for an average of 12 years. They shop, trade stock, get their news and conduct business online. Fifty-two percent of them are on YouTube.
- They want and expect fresh, engaging content on Web sites they visit – ideally content that is geared to their interests and preferences.
- Although they may not make a gift online, two-thirds of these donors visit an organization's Web site before they make their gift. More than half go to Charity Navigator or another third-party group's Web site before donating.

- They expect a smooth, simple online donation process akin to a shopping experience, and a year-end tax receipt delivered by e-mail.
- Some of them (about a third) want to connect emotionally online through video, blogs, frequent e-mails, surveys, etc.

Donors are hungry for online engagement. This paper is intended to help fundraisers from the two different worlds of major-gifts fundraising and online marketing take the best of what they know, and together approach masses of people through the Internet as if they were being approached one-by-one. We also hope that people who work with donors personally will begin to see the Internet as another tool for engaging those donors with the causes they care about.

We start by describing the art and science of determining whether or not someone is worth pursuing for a major gift, regardless of the approach method. We then draw distinctions between major donors and high-dollar donors and share what research and our experience tells us about them. We discuss how the best practices of major-gifts and direct-response fundraising can be blended to attract larger gifts to your organization online, and how the online medium can be used to engage people whom you may have initially cultivated and solicited in person.

## DECIDING WHICH DONORS ARE MAJOR DONORS

### Who is a Major Donor?

You should consider three factors when determining whether someone is a good

prospect for making a major gift: capacity, inclination, and linkage.

The **capacity** to make a large gift is determined by a prospect's net worth, liquid assets and other economic obligations, such as the cost of their children's private school tuition.

A solid major-gift prospect is someone who also is **philanthropically inclined**. We all know a rich person who doesn't like to part with his or her money. You can figure out

***“It is not really the dollar amount that defines a major gift. Rather, it is the closeness of the relationship between the donor and the charity, and whether they both see the donor as an influential stakeholder who is deeply involved and invested in the organization's mission and impact.”***

someone's philanthropic inclinations by researching if they are donors to other organizations and similar causes, and whether they have interests that align with your organization's mission or have been affected by the issues your organization addresses.

Finally, if they have a **link** to your organization it will be much easier to convince them to make a larger gift. Are they already a donor, ideally someone who has been giving to your organization for several years or who has a high lifetime value? Have they volunteered for your organization as a

board member, program volunteer or event helper? Have they or someone close to them benefitted from your services?

Simply using these indicators can make finding a major donor seem like a simple algebra problem. But, here are two definitions of major donors that show how this form of fundraising is more art than science:

“[A major donor is] someone who has the potential to make or procure a gift which would have a significant impact on the work being conducted, who is approached and/or cultivated using personal relationship development fundraising techniques for the mutual benefit of the organization and the donor. The gift may be of capital, revenue, time or influence.” (Institute of Fundraising)

“Making a large contribution means understanding the work, believing in the vision and the fundraising cause, and trusting an individual or an organization personally to deliver on promises made. A major gift is an act of faith that the money will achieve the goals set. ... Fundraisers have to earn their donors’ trust.” (Andrew Thomas and Ken Burnett)

Most industry experts agree that a major donor is not simply someone who gives your organization a large sum of money. We know that major-gift fundraising involves far more than simply asking for large gifts. A major gift usually results from a long, one-on-one, relationship-based process, involving collaboration and mutual respect. This process can be managed by a nonprofit’s staff, by a volunteer leader, or both.

In terms of a dollar figure, for some organizations, a major gift can be as little as \$500 or \$1,000. Others may not consider a donor to be worth the individualized attention of the senior staff or volunteer leaders unless he or she will give \$100,000 or more. Regardless of organizational budget size, a major gift is one that is an outlier in terms of the usual range of gifts.

But, it is not really the dollar amount that defines a major gift. Rather, it is the closeness of the relationship between the donor and the charity, and whether they both see the donor as an influential stakeholder who is deeply involved and invested in the organization’s mission and impact.

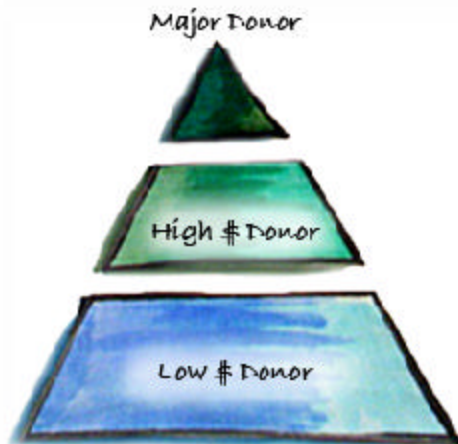
As Tony Poderis writes, “Small gifts result from people believing in a nonprofit’s good works. They are gifts of support. Major gifts result from people committing to an organization’s vision. They are gifts of investment.”

## Who Is a “High-Dollar” Donor?

Some charities do not have the staff or volunteer leaders to manage relationships with major donors, or the patience to wait months or years while these relationships deepen and eventually lead to significantly larger gifts. These charities may be interested in seeing if their low-dollar supporters who have greater wealth capacity might give larger gifts, if they felt that the charity were reaching out to them individually and forming a relationship with them -- just not in person.



We refer to donors who respond to these treatments as “high-dollar” donors – people who make larger gifts to your organization, but who do not have a close collaborative



relationship with and personal connection to your organization and its leaders. High-dollar donors may someday evolve into

major donors when the organization is ready to engage them more fully, or they may simply remain relatively anonymous people who make generous gifts.

## What Do We Know About Donors Who Make Major and High-Dollar Gifts?

While every donor is different, industry research and our experience with dozens of nonprofit organizations and their donors enable us to describe some general trends about donors who make larger gifts:

- They want **accountability**: These donors are looking for reassurance that their gift will be used effectively. So, they do their

due diligence prior to making a large gift. They also want a return on their investment – not a financial return, or even necessarily a return in terms of prestige or elaborate benefits like gala tickets. Rather, these donors want their philanthropic investment to have a measurable, significant impact on a cause they care about. Before and after donating, they look closely at a charity’s effectiveness, including such information as program impact, costs of fundraising and ethical fundraising and stewardship practices. And, donors are becoming increasingly more sophisticated in their awareness of charity finances and ethical abuses. They know about third-party groups like Charity Navigator and the Better Business Bureau.

- They want **information**: These donors want to understand the breadth and depth of the problems an organization addresses. They want regular updates on the progress the organization is making. They want to know about the larger context within which the organization operates – e.g., partner relationships with other like-minded organizations.
- They want **access**: As investors, these donors want to know who is leading the group, what their plans are, how their performance is being assessed and whether the leaders can be trusted to steward their resources wisely.

## ONLINE MARKETING AS A HIGH-DOLLAR STRATEGY

Developing a fundraising program that will attract high-dollar gifts involves marrying best practices of major-gifts fundraising to those of direct-response marketing.

Major-gift fundraising is relationship-based, one-to-one cultivation, solicitation and stewardship. Strategies, solicitation packages and contacts are customized to each individual donor. Communications focus on substantive information about the mission of the organization, the impact that its programs have and the effective stewardship of financial and other resources that donors have entrusted to the organization.

Direct-response fundraising is communication on a mass scale, or one-to-many. Communications focus on bite-sized pieces of information, presented to catch a donor's attention quickly and move them to make a gift quickly.

Mid-level, high-dollar programs apply strategies from direct marketing to reach many people, but use major-gifts fundraising strategies to make a donor feel like the organization is talking especially to them. These programs invite people to make a larger investment and to feel like they are developing a deeper relationship with the organization's mission and leaders, without interacting with them one-on-one, in person.

## ATTRACTING HIGH-DOLLAR DONORS

Although everyone knows that Web sites can be accessed by people all over the world and

that charities may send e-mails to thousands or millions of people, the medium can help people feel like they are interacting with an organization one-on-one.

The Internet is a highly scalable medium through which people communicate content-rich information in all sorts of formats. Communications can be one-to-many, like Kareem's online marketing program, but can also push out engaging content on a one-to-few or one-to-one basis.

***“Mid-level, high-dollar programs apply strategies from direct marketing to reach many people, but use major-gifts fundraising strategies to make a donor feel like the organization is talking only to them.”***

The Internet offers direct-response fundraisers the opportunity to apply lessons learned by major-gifts officers about how to communicate with high-dollar donors in ways that feel customized and personal, even if they are not. Online marketing can be the medium through which you share more substantive information and real-time reports, without incurring the expense of high-end direct-mail packages to a relatively small number of donors. Tracking high-dollar donors' activities on your Web site in real time can provide you with immediate and valuable information about their interests (e.g., education programs rather than advocacy efforts) and help you decide how you might target your communications with them.



It is important to track the sources and interactions that led people to become donors to your organization. This is true even more for online donors who upgrade to major giving. Assuming they didn't begin interacting with your organization by making a large gift right off the bat, how did they first become known to you? Did they Google you and click on a search marketing ad? (You'd be surprised how effective this can be finding donors who will give fairly large gifts online.) Did they migrate from your direct-mail file to online giving before increasing their commitment through a major gift?

You can also use the wealth of information that can be collected online to see what they've been up to since first engaging with your organization. Are there ways to identify behaviors that indicate a propensity towards higher giving? Do they visit your financials section, or are they on the file for a certain period of time? Do they respond well to videos, or are they online consumers but strictly offline donors? Some number crunching of your existing major donors and their interactions with you online may tell you valuable information about how to recognize and cultivate your next generation of major donors.

## Ideas for Engaging Major and High-Dollar Donors Online

So, how do we put all this together to create a fundraising program that will generate more revenue for your cause? Here are some ideas:

- **Ask for large gifts online.** The first rule of fundraising is that donors won't give unless they are asked. You won't get

larger gifts unless you include higher dollar amounts in your asks on the donation page of your Web site. Consider asking for large gifts elsewhere on your site as well, such as on program and financial reporting pages.

- **Create a special section of your Web site or a micro-site specifically targeted to your major donors.** By customizing information online for this special group, you have the opportunity and an incentive for major donors to migrate from "single channel donors" to "multi-channel donors" – traditionally resulting in an increase in their giving and commitment to the organization.
- **Don't just ask for large gifts; explain the need for them and the impact that they have.** Include "price points" that show how you will use larger gifts to meet needs of your constituents. What outcomes could you achieve for your constituents with \$1,000? \$5,000?
- **Provide program reports and update them at least monthly.** These should include quantitative information about the number of people being served and any data that is available about the impact the program is having on them. But don't bore your donors with numbers alone! Tell stories and provide case histories. Show them pictures of your organization in action, or better yet – send them a link to a video of work they funded happening "on the ground." Have the president of your organization forward a status report from field office or other program personnel. Set up a "program cam" and send donors a link for a real-time view of a problem or your work to solve one.



Provide links to news, testimonials, Webcasts, interactive reports, blogs by program staff or program recipients and videos from the field to show donors how their funds are being used. Make sure that higher-dollar amounts are used to describe the investment your organization has made in programs.

- ***Include a detailed, objective account of your finances.*** Answer any concerns that have been raised by third-party groups as objectively and positively as you can. Include links to a summary of your audited statements and your full 990. Donors may access your 990 anyway on GuideStar. Their trust in you and your organization will increase if you post it yourself. This area should be updated at least annually.
- ***Create separate e-mail “stationery” for e-mails to this group that mimics the look of one-on-one e-mail, branded to the major-donor group they’re a part of.*** The look of the e-mail should have a highly personal look, and could even include a “cc” to an executive assistant.
- ***Highlight ratings from Charity Navigator, Better Business Bureau and similar groups and include their logos prominently on the donation page and on pages where you report on your finances.*** If your organization doesn’t have good ratings or has chosen not to seek approvals from watchdog groups, include links to other objective, third-party sources of validity such as prominent media stories or awards you’ve received.
- ***Ask major donors and foundations to provide testimonials about why they give to your organization.*** Include their pictures and tell their stories, just as you might about a program recipient. Profile donors who are typical of your target audience for higher-dollar gifts. Highlight these in your e-mail communications and update these profiles monthly if possible.
- ***Connect donors to each other.*** Invite them to contribute to and comment on blogs on your site, post stories about why they give, or chat with others who have similar interests. Consider creating a members-only community that contains a planned-gift calculator, live chats with the CEO, exclusive benefits and resources for volunteers who are helping you cultivate and steward major donors. Cultivate your major donors through social networks in which they already are members – FaceBook, eons, Reunion.com, MySpace and others - by creating groups where they can interact with each other and you can communicate with them.
- ***Give your higher-dollar donors the sense that they have access to insider information (where appropriate) and to your organization’s leaders.*** Send them a link to a video from the CEO or board chair giving a preview of a new program that is about to be launched, a “state of the organization” talk, or a virtual “hard hat” tour of a facility under construction. Invite them to a major-donor only event or briefing (in-person, teleconference or webinar) via e-mail. Send them a PDF of your annual report before it is mailed and before it is posted on your Web site.



- **List ways in which higher-dollar donors are acknowledged**, both online and offline. But remember, most major and high-dollar donors are primarily concerned about the impact of their gift, not the tangible rewards you might give them.
- **List people who have already made large gifts to your organization** within the past year, if you have permission to do so. Invite others to join this exclusive club!

## IN CLOSING

If Dayna and Kareem stop their “you’re from Venus, I’m from Mars” squabbling long enough to combine forces, they may help their nonprofit organization engage major and high-dollar donors in a whole new way – for a fraction of the cost they would have incurred if they had cultivated these people in person, one-by-one.

By marrying the best practices of direct-response fundraising, which typically result in relatively small donations from many people, with those of major-gifts fundraising, which typically result in large donations from few people, they may raise big money from hundreds or thousands of people. And, they will have deepened those donors’ relationships and engagements with their organization, resulting in opportunities for even larger gifts in the future.

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