

The Institute  
for  
Philanthropy



A study conducted for The Institute for Philanthropy  
and the Ansbacher Group

# Managing Major Donors

How charities manage their  
relationships with major donors

May 2003

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# Managing Major Donors

## Research conducted for The Institute for Philanthropy and the Ansbacher Group

### Introduction

There is no doubt that the competition for charitable donations in the UK has grown steadily stronger in recent years. An increasing number of charities are chasing a total volume of giving, which is growing slowly if at all. The current decline in the stock market and the overall financial uncertainty is also likely to impact on the generous instincts of actual and potential major donors. It is therefore more than ever critical that the sector concentrates its marketing resources to the best possible effect.

### Objectives

Following the work of Dr Terri Apter and others we now know a considerable amount about the various motivations which may lead donors to contribute (or not contribute) to charity (see [www.instituteforphilanthropy.org.uk](http://www.instituteforphilanthropy.org.uk)). It is also clear that there has been increasing use of database marketing techniques and customer relations strategies for mass donors.

Where there is much less information is in the area of how charities respond to major donors and what is currently done to foster such valuable relationships. We believe that there is now an opportunity to begin to promote learning and to establish a code of best practice in this area and the aim of the proposed research is to provide the information on which this can be based.

**The going-in hypothesis is broadly that charities do not manage the relationships with the major donors as effectively as they could. In short, that charities are not optimising the potential of people who currently contribute large amounts or people who could in future be persuaded to continue and even increase their donations.**

A study by the Institute for Public Policy Research into the attitudes of the affluent to philanthropy is germane to this research. ('A Bit Rich?' What the wealthy think about giving, IPPR, May 2002)

The following quote from the IPPR study defines the key role for charities with regard to major donors:

***'What is striking is that there is little evidence of much thought being put into how much the rich and affluent give. Most are happy to decide how much they will give based on how generous or 'flush' they feel. Like those on lower incomes the rich and affluent take as their guide the way in which they are asked.'*** (non-italics, Author)

Our study adds to this work by focusing fairly tightly on the professional (or not) activities of charities and the interface with major donors.

The study examines the philosophies, techniques, methodologies and importantly the structure and personnel of the charity that influence how successful fundraising efforts are with people in a position to contribute substantial sums – e.g. £5,000 and upwards.

## Sample and methodology

31 people were interviewed face to face or over the telephone in interviews lasting from 20 minutes to over 1 hour. The breakdown of the sample was as follows:

### 13 Charities were drawn from the following sectors:

Children  
International  
Age  
Environment  
Health  
Arts  
Education  
Housing

The charities were all well known names, prominent in their category and represented a range of sizes. The majority received money from several sources; we concentrated the interview on the money received from major donors.

### 12 Donors

Donors were all regular major donors to at least one charity and these donations ranged from £5,000 to £250,000. Several were currently or had been in senior positions in charities and several had experience of administering a charitable trust.

### 6 Consultants

Although we assured the charities and donors confidentiality, the consultants we spoke to were happy to be named.

Kay Holmes-Siedle: Fundraising Research & Consultancy Ltd (UK)

Tony Elischer: Think Consulting Solutions (UK)

Stephen Butler: Domain Group (UK)

Ben Hartley: Consultant (US) (former Director of Corporate Communications and Sponsorship at the Solomon R. Guggenheim Museum)

Howard Raingold: Fellow and Development Director, Pembroke College, Cambridge (UK)

Bill Dietel: Former President of Rockefeller Brothers Fund and Consultant (US)

Fieldwork was conducted January, February and March 2003.

We are grateful to all participants for their contribution

### About the author

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## Summary of key findings and conclusions

We began this enquiry by looking at what major donors expect from the charities to which they give, but in the course of this discovered that these expectations – sometimes very poorly met – are only the tip of the iceberg in examining how charities can increase donations from this source.

Key findings were:

### ***Status of major donor fundraising: under-developed***

- The status of major donor fundraising in the UK ranges from the very amateur where little attention is paid to it as a separate activity, to the very sophisticated and professional. As a generalisation, we would conclude that the vast majority of charities would benefit from a more disciplined approach.
- However, these interviews reflect a strong interest in adopting best practice and we would expect to see evidence of more professional approaches in the near future.
- Although charities will use different language and have different definitions and ways of conceptualising their donor activity, all define broadly three bands of donors:
  - Major: upwards of £5000 (a few placed the lower limit much higher)
  - Mid-level: from approximately £1000 - £5000
  - Mass: under £1000, the vast majority of whom are well below this level
- Most of the charities' time and budget are taken up with the mass level, involving as it does, a wide range of direct marketing activities.

### ***Barriers: too much reliance on traditional approaches***

- Barriers to a more sophisticated and professional approach to major donor funding work are believed to be endemic to the charity sector. These barriers are variously described as:
  - Too strong reliance on traditional one-off funding campaigns - charity balls and other fundraising events
  - Short term, ad hoc thinking and activities that fail to appreciate what is required to develop a professional plan
  - Difficulty in sticking to a strategy even if one is in place
  - The perennial charity problem of shortage of resources
- As a result, a specific commitment to major donor development work comes too low down the agenda and is likely to be under-resourced and/or funds mis-allocated.

### ***Limited strategic thinking, intellectual confusion***

- The foregoing are the familiar symptoms of a lack of long-term strategic vision, which may affect any organisation. What characterises charities, however, is a certain amount of intellectual confusion, particularly with regard to major donors, taking the broadest definition of the category – e.g. individuals, trusts and corporations.

- The source of this confusion revolves around the answer to this simple question:

***Who are the charity's clients?***

Charities are most likely to see the end recipients as their clients. However, if charities thought of their *major donors* as their 'clients' they would see that the ways in which these donors are treated are often inefficient and unproductive.

***Transactions vs relationships***

- Traditional adherence to ad hoc fundraising methods results in major donor work as a series of 'transactions'. In other words the interface with the charity is based on a series of discrete ad hoc donations.
- The fact that many donors, often through their own efforts, motivations and needs develop a long-term relationship with the charity is a fortunate by-product. This is an inefficient system for the charity because it relies too much on donor goodwill and not enough on the pro-active efforts of the charity.
- The short-comings of this are obvious when contrasted with a relationship-based philosophy. The relationship approach is predicated on active and systematic efforts to engage willing major donors more emotionally with the charity over a relatively long period of time. For many this approach is not particularly well understood and thus inadequately implemented.
- Such a philosophy and ethos recognise that relationships grow and flourish when there is reciprocity – although the degree of donor involvement will vary enormously. Charities are unlikely to improve on their donations until this philosophy becomes central to the charity culture.
- The full adoption of a more client-centred approach – analogous to a commercial company in the service sector – has many obvious and not so obvious implications for how the charity is structured, staffed and managed. (See below)

***More rigorous disciplines required***

Adherence to a disciplined and fully implemented programme is not as widespread as it should be. The following template programme represents the key stages, each of which has disciplines and procedures within it. A small number described this type of programme specifically; others referred to some but not all of the stages.

***Seven Stages of Solicitation***

**Stage 1 Research and drawing up prospect list**

**Stage 2 Evaluation and judging potential**

**Stage 3 Getting to know the prospect, understanding what motivates them, and finding out what interests them**

**Stage 4 Identifying the specific areas of the charity's work that are of greatest interest**

**Stage 5 Asking for the money**

**Stage 6 Thanks and recognition**

**Stage 7 Consolidation and stewardship**

## What do donors expect?

If the charity is committed to building relationships with its major donors, central to its activities must be an understanding of what donors actually want from the charity and indeed, what they deserve.

<p><b>Acknowledgment</b></p>	<p>Donors' expectations are relatively undemanding. It is because they are undemanding that the failure to acknowledge the donation or even thank the donor is particularly shaming when it happens. Sometimes these are purely administrative slips, but in other cases we discovered acknowledgement was simply not part of the charity's normal behaviour.</p> <p>However, the point is not only one of basic etiquette. It strikes at the heart of what we have been describing as a process of relationship building. What is communicated to the donor, and by whom are part of the process of garnering goodwill and encouraging further commitment.</p>
<p><b>Involvement</b></p>	<p>Certainly not all donors wish to become involved with the individual charity's activities, despite giving regular and/or large contributions. But for those who consciously seek involvement (<i>or who are open to persuasion</i>) the key person to inspire and stimulate a donor's enthusiasm is the programme director, not the fundraiser.</p>
<p><b>Access</b></p>	<p>People support causes, not charities. Consequently access to the energies and passions of those people closest to the cause is the strongest card the fundraiser can play. However, because programme directors don't necessarily see support for fundraising as part of their job, the best efforts of the fundraisers are often frustrated.</p> <p>The fundraiser, in contrast, functions as enabler, facilitator and administrator. He or she is the conduit to the heart of the cause – best represented by the programme director. Too few charities seem to recognise the importance of this distinction in engaging the interests and emotions of major donors.</p>

## Seven key questions a charity needs to ask of its major donors

The following 7 questions are ones that the charity should ask itself for each and every one of its major donors. If these questions are asked, answered and acted on, the kinds of oversights, mistakes and unexamined opportunities that donors reported are unlikely to occur and the relationship much more satisfactory and productive as a result.

<p>1.</p>	<p><b>What type of contact should we be making and how frequently should we make it?</b></p>	<p>Letters, phone calls, emails, progress reports, invitations to events (both donor-specific and as part of the charity's on-going programme) should all be considered and identified.</p>
<p>2.</p>	<p><b>Are we treating this donor with the respect he or she deserves and expects?</b></p>	<p>On receipt of a major donation, have we written immediately to thank the donor with a personal letter? Have we ensured that either the chairman or the chief executive (in addition to or rather than the fundraiser) has written the letter?</p>

3.	<b>Are we timing our requests appropriately?</b>	Have we guarded against placing this donor's name on a mailing list or other kind of mechanism that insults him/her by asking for another donation hard on the heels of receipt of a major cheque?
4.	<b>Do we know from first hand experience how committed the donor is to our particular charity and how actively involved with the work of the charity does he/she wish to become?</b>	If so, what personal plan have we developed that could help the donor get closer to the organisation and how has that been communicated?
5.	<b>Do we know if the donor is in a position to offer professional skills?</b>	What are they, can we use them and how have we responded to this?
6.	<b>How much public recognition do donors want and in what form?</b>	Have we offered anything public? Should we? What kinds of recognition would be appropriate for this person?
7.	<b>Who in the organisation and what aspects of the charity's work would the donor like to meet/experience?</b>	What are we arranging to meet this need?

### ***What do corporations expect?***

- Although the study focussed on donors as individuals, several of them had been solicited for donations as heads of major companies. Here the requirements are more rigorous. Charities, after all, are competing with each other. Chief executives (or their deputies) expect evidence of research done on their company, resulting in a clear argument as to how links with the charity's cause will benefit the company – its brands or its reputation. It was said this seldom happens.
- In addition, charities are criticised for amateurish presentations; for failure to anticipate questions and thus failure to answer objections; and for fielding the wrong individuals. Here again, the programme director with passion for the programme and its needs is more likely to succeed.

### ***Both structure and culture of charitable organisations inhibit the development of major donor fundraising programmes***

- Central to this is the role and status of **the fundraiser**. As a generalisation, fundraisers are not as central to the organisation's decision-making as they should be, and as a result, don't carry the status necessary to maximise their role. In particular, this refers to the important role as conduit between the major donor and the work of the charity.
- The fundraiser is the key person to implement the core major donor disciplines described above: both the 7 stages of solicitation and the 7 questions to be asked regarding each donor. Consequently, they need to be central – or at least closely integrated into management decision making. Currently, they appear too far outside to be as useful as they could be.

- There are specific lessons from best practice in the United States here:
  - **Titles:** Americans are often scorned in the UK for 'title inflation' but titles are important in conferring status and respect. 'Director (or Deputy Director) of External Affairs' is more prestigious than 'fundraiser'.
  - **Salaries:** The Director of External Affairs can be, although not necessarily, the most highly paid person in the charity. Salaries reflect status and this is recognised.
  - **More integrated management:** The fundraiser will have more day-to-day involvement with the planning and execution of programmes: the choice of options and the funding issues involved. So rather than being some kind of necessary seen-but-not-heard back room activity, he/she is an essential part of the management team working more closely with programme directors to introduce major donors to the work of the charity.
- **Programme director:** If the fundraiser is to be more involved with programme planning, programme directors need to be more involved with fundraising. Currently this rarely appears to happen – or doesn't happen as often as it should.
- **Chief executive:** The same point applies to chief executives. In the broadest sense, full endorsement and active involvement in fundraising is everyone's responsibility.
- **Trustees:** The role of trustees is changing we are told. The traditional British reluctance to require trustees to be significant contributors (or fundraisers themselves) appears to be declining in charities that are not 'protected' by government or other statutory sources of funding.

However, there is still a strong reluctance to require trustees to be contributors. Many define the primary role of the trustee as governance, best delivered through a diverse collection of individuals contributing skills and time instead of (major sums of) money.

Charities who support this view believe the greater responsibilities placed on trustees as a result of recent regulatory changes underline the need for highly skilled trustees and that this is more important than the ability to contribute.

This is not universal, however: some board chairmen don't accept this, believing that such protestations are merely excuses for not giving.

- The dilemma can be resolved by setting up separate committees (or boards) of major donors who work solely on major development fundraising. This practice does not appear to be particularly widespread but it is recommended as giving extra muscle to the fundraiser's work without losing the skills and talents of less affluent trustees.
- The whole area of how to build effective, efficient and productive boards needs to be studied more closely. Experience in the US, where a more developed infrastructure designed to help charities through research and publications exists, is highly relevant.

## Conclusions

In conclusion, the study underlines the importance for charities of developing a more relationship-based model for managing their major donors. Charities need to look at major donors as individual clients from whom they could gain more commitment (in terms of money, or time, or skills). However, the essence of this approach is reciprocity and this requires giving more back to the donor: paying more attention to the longer term stewardship of each relationship rather than treating donations as discrete transactions. As the report has described, this has major implications for the charity's structure, culture and working methods.

## **MAIN FINDINGS**

## I. Segmentations charities use in classifying their donors

The language is important here. Although different charities use different terminology, have different cut-off points and all sorts of different ways of grouping donors at different levels of contribution (such as Supporters, Friends, Benefactors, Members etc), there seem to be very broadly three bands corresponding to low, medium and high.

The point, however, as one of the consultants explained, is not so much the monetary limits of the band but the specific nature and needs of the charity in its own marketplace and the nature of the different activities that each group of donors requires.

*'I wouldn't categorise the bands. I think that's a major mistake. Everybody tries to make this a monetary issue but I'm saying it all depends – it depends on the state of development of the organisation, it depends on your cause, it depends on the marketplace you're actually competing in. Some people will define a major donor at £5,000 plus, for others it will be £10,000, and others it will be £15,000.'* (Consultant).

Another wouldn't consider anything under £100,000 as a *'major gift'*.

Nevertheless, the following groupings correspond broadly to how charities we spoke to group their donors:

### **Major donor**

What most people mean when they use the term 'major donor' are people giving donations of £5,000 upwards. This could even be as low as £1000 to begin with, but would be targeted for greater involvement/contribution over time. Also, it is worth including donations from corporations and charitable trusts here because there is an important overlap with individuals when it comes to the kinds of presentations (formal and informal) charities make for large sums of money or support in non-monetary ways.

### **Mid-level donor**

Below this is a band which doesn't really seem to have a commonly agreed upon name – described generically as 'mid-level' giving donations of about £500 – £1,000. So this group sits well above the mass donor but well below the top level. It is characterised by one consultant as essentially 'personal direct marketing': not what he thought of as deserving of really serious 'major donor' attention.

Nevertheless, people in this category need attention as they can theoretically be moved upwards if the process of 'growing or stewarding donors' is taken seriously. Activities in this area specifically are worthy of a separate study, as it is in many ways the most difficult area to understand and categorise.

### **The 'mass' donor**

The vast majority of donors are obviously those who make contributions of say £2 - £10 per month or gift amounts up to several hundred pounds. Appeals to this level of donor are what constitute the most conspicuous 'public' face of fundraising, with all of the appeals that the direct marketing world can devise – small gifts, direct mail shots and so forth. Street solicitations seem to be the latest trend here and a source of success with certain kinds of charities and amongst certain kinds of people. Young people seem to respond most favourably here, but the technique is widely criticised by others.

### **Conclusion**

It is beyond the scope of this report to discuss marketing priorities in terms of allocation of money and resources. All charities use a wide variety of direct marketing techniques to solicit donations from both mass

and mid level donors. But the success or otherwise in terms of return on investment of these approaches is impossible to generalise reliably on, given the data requirements from such a widely diverse population of organisations. A much larger sample and a more structured data collection technique are required.

Major donors obviously constitute a tiny minority of any charity's donors but because their contribution is so disproportionate to their size they need to be looked at completely separately and so it is the attitudes, practices and disciplines in this sector that is the specific focus of the report.

## II. How well developed is major donor fundraising?

The broad generalisation that emerges from these interviews is that major donor fundraising as a discrete category requiring special skills, techniques, and philosophies is relatively underdeveloped in the UK.

Obviously there is nothing new about soliciting large sums of money via capital campaigns and reliance on what could be thought of as very wealthy benefactors. Identification of this as a category of specialisation requiring disciplines, techniques, methodologies with a philosophical underpinning is relatively new for the majority of UK charities. The consultants, and those fundraisers and donors with US experience were particularly emphatic about this.

***'If you look at some organizations, they're very much in the past and haven't evolved to the new way of working. When we talk about major donors, I would say the techniques have only been in the spotlight for the last 5 years or so as mainstream fundraising activities.'*** (Consultant)

The state of development for many of the charities we spoke to was characterised by the following remarks – interested, aware of the need to develop but still rather tentative in terms of what they are doing now:

***'We haven't done a lot of major donor fundraising the way some charities do. We're looking at it at the moment but haven't done the big asks or relationship building with the richest people in the land.'*** (Charity)

***'We're looking at the contacts we have – our most well off donors and their networks to large wealthy people. But very much at the early stage. We're looking at American models as they are further ahead with more planned giving.'*** (Charity)

There are obviously many exceptions. We interviewed a number of highly professional charities and respondents named several other well-known charities as particularly good at major donor work. Indeed, it is from this minority of charities in our sample that we drew most of the recommendations the report makes on how practices could be improved.

But even the most experienced charity fundraisers acknowledged they were not as good at major donor fundraising and relationship management as they wanted, and perhaps more importantly need to be.

### III. Barriers to major donor development work

This section looks at the kinds of issues that appear to inhibit major donor work. As will be seen in the following discussion, problems are largely internal rather than external. In other words, problems stem from the way the charity itself is organised, structured, led, trained. In short, the whole culture of philanthropic organisations misses opportunities to maximise income.

This consultant with long experience of a wide range of charities speaks for many:

***'The place where charities struggle is the internal marketplace. When I do strategic planning with them, we do the research, we identify the constituency but I always say to them, the pieces we have to address now are the big internal stumbling blocks, otherwise this programme is never going to grow. The fundraiser cannot do everything that is necessary to develop a really good programme.'***  
(Consultant)

What, then are these internal stumbling blocks? What are the barriers that need to be overcome?

#### ***The thinking is too short term***

'Short-termism' is hardly unique to the charity world. All commercial business suffers from it to some extent. But in the charity sector with its complex culture of often-contradictory motives and its mixture of professionals and volunteer workers, it may be more endemic.

From a consultant...

***'They're not really taking a long-term view. They generally tend not to have a disciplined strategic approach to major donor fundraising. It's tactical, it's sometimes under-resourced, the expectations aren't there, the people aren't there and I think a lot the time people simply don't know how to ask.'***  
(Consultant)

This quote echoes not only the views of consultants working in this area but also some of the more experienced fundraisers and donors with many years experience of the charity world.

#### ***Too reliant on techniques from the past: 'the Brigadier and the charity ball.'***

The point made by the more experienced respondents was that the practice of major donor fundraising is still largely rooted in the past, is 'amateurish', 'ad hoc', and lacking a larger strategic perspective and design.

A consultant put it this way:

***'It's seen as something that was done by a Brigadier or a Major General or titled person - those types of people with their lists of contacts, their network and their ability to organise big events – tables at charity events of one kind or another.'*** (Consultant)

In other words, major donor fundraising is confined to approaches leveraging traditional institutions of British life – the military, the titled, the well off local dignitaries with a mixture of administrative skills, status and a wide network of contacts.

Another pointed out that 'modern' techniques of sophisticated major donor fundraising were relatively recently developed so it's not surprising that the old methods were still widely used. His view was not that these methods were ineffective – far from it – but that they should be seen as a part of a wider more professional over-all approach, which could increase the level considerably.

### ***Too low down the agenda/ potential unrecognised***

For some charities, the opportunities here are to some degree simply unrecognised and thus the organisation fails to see the importance of appropriate leadership, methodologies and resources. If the charity fails to see major donor work as requiring a long-term commitment and specialist skills this is inevitable. This comment reflected the experience we heard from many of the fundraisers describing their work.

***'It's not been on the agenda. What's been on the agenda has been small amounts of money from large numbers of people rather than large amounts from small number of people. So the focus has been building up the £2 a month donors.'*** (Charity)

### ***Under resourced and resources mis-allocated***

In a very real sense *all* charity work is under-resourced. Thus it is miraculous that spectacular results are often achieved under very difficult circumstances. *The point at issue here is priorities.*

Even when the potential of major donor contributions was recognised, resources are a major issue: not enough people, not the right people, people too thinly spread over other activities, under supported by management. These consultants' views were typical:

***'With some of the large charities you have huge fundraising departments and they can afford to have people solely devoted to major donor work. But that's not always true. You will find plenty of large charities in the UK, one I'm thinking of is raising £30 to £40 million with only one major donor person sitting in the corner with their contacts because obviously they haven't thought it was that important. But with the small charities you find that essentially a couple of people are doing the direct marketing, the trusts and everything else so very little attention is paid to major donor work.'*** (Consultant)

***'Chief executives can be very bad here. They are keen to see the money and will accept that this might be a new income stream but are not prepared to put the resources behind it to get the programme done properly, so its all pushed onto the fundraising department to wave its magic wand.'*** (Consultant)

We look more closely at the roles of different functions in a later section.

The foregoing problems and barriers are characteristic of any company lacking a long-term strategic vision. But there are clearly particular problems in the not-for-profit world compared to the commercial world.

## IV. Lack of strategic vision: what does this mean and how is it manifested?

### *Intellectual confusion: who are the charity's clients?*

What both consultants and fundraisers meant by their comments and criticisms here was a range of attitudes and activities that undermine attempts to place a higher priority on major donor work.

First of all, there is a certain amount of intellectual confusion and lack of agreed meaning of ideas and concepts. People from the commercial world often found it frustrating working in charities where the normal sorts of strategic disciplines and concepts are only partially understood and rarely acted on.

It was notable that respondents whose professional background was in the service industries – marketing services in particular – were very clear about the weaknesses. In their eyes, the root of the problem is that charities have yet to grasp the paradigm of the service industry. This charity chairman, whose previous career had been running a multinational marketing services company, makes the point very clearly:

***'Many charities don't really have a professional strategic approach. For instance if you ask them who in the charity sector would be the equivalent of a commercial company's customer, they will say the ultimate person, the recipient. To my mind this is a big mistake. If they thought of their major donors as their customers, which is the way I think they should, they would organise their activities differently and therefore give greater recognition to these very important sources of income.'***  
(Charity)

This strikes at the heart of the attitudinal divide between customer-centred commercial enterprises whereby the structure, practices and attitudes reflect understanding of the importance of who pays the bills and the charity sector.

It is of particular relevance in the solicitation of donations from either individuals with a business background or from corporations. Trusts, when administered by individuals with a business background could also be included. A very much more professional approach is required, analogous to a pitch for new business and we discuss the specific issues in approaching these sources more specifically later in the report.

Charities with no sources of statutory funding are arguably more sensitive to this difference in attitude than charities, which are to a greater or less degree 'protected'. Most, however, could see the writing on the wall and were open to adopting more professional practices as the economy worsens and US models are increasingly being adopted.

As evidenced here, this fundraiser was pleasantly surprised when she joined a major charity from a career in commerce and found it more professional than she had expected:

***'I came from marketing and general management in various types of companies. And when I came here I found it more professional than I expected. I came for a short-term position, in fact I didn't even want to work for a charity but it was the whole professionalism of this charity that made me want to stay and I've never looked back. I love it.'*** (Charity)

### *Lack of leadership/involvement*

The structure and culture of any organisation comes from its management and here consultants, particularly, were critical of chief executives who failed to set a more professional example or showed little interest in the people who contribute to his or her salary.

***'When I'm speaking to audiences of chief executives, I often ask how many could name their 10 top donors. Not many hands go up.'*** (Consultant)

### ***Lack of disciplines 'bedded in'***

This is the critical issue. Does the charity have an approach for growing potential donors and stewarding existing donors that goes beyond lip service? Is it well understood and acted on? Does it have skills and disciplines that can be described and evidenced? Are they even aware that such approaches exist and are in operation in professional organisations?

***'The biggest problem I feel is that charities lack clear strategic direction and focus when it comes to major donor fundraising. They aren't rigorous or disciplined enough about the data or about the relationships. They don't see it as a programme to be followed through over long periods of time.'*** (Consultant)

***'A lot of charities and I would include ours, don't really have strategies for what I think of as the middle ground, the people who give reasonable amounts but who I feel could give more. We don't really pay enough attention to how we could increase donations.'*** (Charity)

Consultants tended to be the most critical here of how charities do things – not surprisingly as they are brought in to solve problems of organisations wanting outside professional advice. But there is undoubtedly a fair amount of truth in this on the basis of what we heard from the donors themselves. Consultants call this 'stewardship' – a commitment to identifying, growing and harvesting a relationship over time, which is at the core of major donor fundraising. From a consultant working with US charities:

***'Stewardship is what people constantly talk about in the not-for-profit world. The idea that you can't just ask for money and then disappear, you've got to be able to ask for money and then steward a relationship, bring them along. We might bring them in at \$1000, and then we'll bring them up to the next \$15,000 and then \$25,000 and possibly to board membership.'*** (Consultant)

Individual consultants will have their own proprietary processes and models but all follow a step-by-step process that contains a similar range of activities as we describe in the next section.

## V. A staged programme

Both consultants and the most professional of the charities we interviewed could easily describe the stages fundamental to instituting a major donor programme - a programme that in principle underpins approaches to corporations and to charitable trusts as well as individuals.

The essence of such a programme is a series of steps, each of which requires certain specific processes and skills. Exactly who carries out these stages is less important than the acknowledgement that each step has to be done with as much thoroughness as possible. As we will see, different sorts of people are important to success at different stages:

### ***Stage 1 Research and drawing up prospect list***

Some charities do this in house; others employ agents to do it for them. Obviously the more rigorous the better: lists, databases, past experience, desk research going through newspapers and magazines etc, any kind of activity that contributes to a list that could be seen as potential prospects.

### ***Stage 2 Evaluation and judging potential***

The long list then needs interpretation and prioritising into a shorter more purposeful list.

### ***Stage 3 Getting to know the prospect, understanding what motivates them, finding out what interests them***

The most professional kinds of activity at this stage are the kinds of things that involve and stimulate potential donors. Personal contact is central and essential to this kind of understanding and a number of activities were described: seminars, discussion groups, receptions, open days, workshops. The key task is to 'effectively start the way you wish to go on'.

The ultimate aim of a major donor programme is to foster an intimate relationship with donors that builds over time and hence seminars or discussion groups that deal with the work of the charity to which donors can contribute emotionally and intellectually are ideal in seeding this kind of involvement.

Importantly, activities at this stage can introduce donors to other workers in the charity beyond the fundraiser. What is happening here is the important initial stage of trust building.

### ***Stage 4 What specific areas of the charity's work are of greatest interest?***

This stage begins to narrow the focus so that if the donor has a specific area of interest, he or she can learn more about it. In the international charities, this could involve a field trip that provides the ideal environment in which to foster the relationship.

### ***Stage 5 Asking for the money***

Exactly how this is done will obviously vary. Some requests are informal, almost spontaneous, grasping the moment. Others, particularly to charitable trusts and corporations will be more formal, more rehearsed and require preparation of material. These presentations need to give careful thought about how to deal with objections - anticipating in advance what they will be and having appropriate answers.

Donors who had experience of sitting on the board of a charitable trust or corporation told us that charities could improve this part of their activities considerably. Obviously, presentations shouldn't look as though style was valued over content, but poorly formed arguments, failure to see what might be in it for the donor were the common criticisms. (see section VII)

Asking 'too soon' for 'too little' was the biggest mistake fundraisers make according to one very experienced consultant.

## **Stage 6 Thanks and recognition**

We look at the kinds of ways charities thank and recognise donors and what donors want and don't want in this regard in the next section. Suffice to say, this is essential and it is surprising, not to say shocking, when it doesn't happen.

## **Stage 7 Consolidation**

This is the stage that probably most discriminates between a genuine commitment to major donor work and short term fundraising. Here is what one of the consultants who was also himself a fundraiser said about this stage:

***'This last step takes about 60% - 70% of any development department's time. And that is the key area that is overlooked with most charities. And you've got to spend a lot of time and effort. Too many charities think that once they've got the person to give money, they will never do it again so let's just send them invitations. In fact once the person is on board they are more likely than anyone else in the world to give again.'*** (US Consultant/fundraiser)

All charities have some sort of process here but it was notable that for some this process was the discipline mentioned at the outset of the interview. It was described in detail and was clearly embedded, or at least in the process of being embedded, into the culture and practice of the charity.

For the majority, however, the idea of a rigorous discipline was as yet, still an ideal rather than day-to-day practice.

Thus, in contrast to this kind of staged and disciplined approach, the more common practice was more informal and more ad hoc as this charity describes it:

***'We don't do a huge amount with major donors. It's much more to do with talking to them about what they're interested in, telling them what we need money for and saying can you help? And we try to tailor our request to what they can afford.'*** (Charity)

## **Legacies**

One of the most obvious values of a disciplined programme whereby trust is built gradually over time on the basis of a personal relationship is that it makes approaching the possibility of legacies just that much easier. Legacies obviously have all sorts of problems in addition to the delicacy of mentioning them in the first place -such as inflation devaluing the ultimate sum or money tied to a specific purpose that is no longer wanted or needed. But making the possibility of a legacy just one of the ways of getting involved with the charity draws attention to it as an option rather than a direct request.

***'We have a wonderful person running the legacy programme and she's done a series of legacy afternoons and evenings which our major donors can come to. No one is directly asking but rather we tell them the sorts of things that can be done with the money and they get a behind the scenes tour and also she invites solicitors to explain what's required and they love it. We like to think of legacies as just one of the things that people who want to get involved with us can consider.'***  
(Charity)

Or, as this quote suggests, considering ways of celebrating people in their lifetime:

***'I know American charities are better at this with creative ways of recognising people who are planning to give money when they die. But they will talk about money and death much more than we will.'*** (Charity)

## VI. What do donors expect?

### *How and why they give*

Individuals donate large sums of money for many motives and in many different ways. The IPPR study identifies three styles of giving:

- Ad hoc givers who donate as the spirit takes them
- Strategic givers who organise their giving having sketched out a rationale and a plan
- Social givers, who mainly give at social occasions, enjoy the social dimensions and see it as a reciprocal arrangement: their money in return for entertainment of some sort.

Our study reflected all three types. The IPPR report goes on to divide motives for giving into 6 categories:

'I want to give something back – it's important to do my bit'

'I want to support those less fortunate than me/I'm lucky and should help others'

'I give to a cause close to my heart and that I really value'

'Giving is good for society'

'I feel good about giving'

'I feel bad if I don't give – it relieves my conscience'

All of these motives were evident in some way or other with the donors we interviewed. However, it is beyond the scope of this study to elaborate other than to make the obvious point that the more the charity understands the kinds of motives that donors have, the more successfully they will be able to handle them.

What is important to recognise is that while motives as described above may be capable of being identified as separate impulses, it is a mistake to think that donors can be put in these kinds of boxes. We spoke to donors who gave to different charities for different reasons and for different motives.

### *What does it feel like to be a donor? Getting inside the donor experience*

Asking why people give is only part of the question. The other part is asking what people expect to get out of the act of giving. This second question may not be asked as often or as penetratingly as it should be because philanthropy assumes giving for the sake of it. 'Getting something back' in the crude commercial sense of an exchange of goods and services for money is an entirely inappropriate model.

Yet the failure to address it overlooks the many intangible psychological rewards that givers may get from involvement with a cause. People support causes after all: charities are merely the intermediaries. (Although the 'branding' efforts of many charities such as Comic Relief are to be applauded.)

So the charity's skill as intermediary is what defines how good donors feel about the charity and its cause and how fully their motives are validated. Here we feel that the potential for engaging donors is far greater than currently practised. The ways in which charities 'reward' donors are what underpin a relationship-based model of charitable giving.

Consequently, our main interest is in the expectations that people are conscious of having of the charity they donate to; how they feel the charities they give to treat them; how their gift was acknowledged; and what we could learn from them that would be helpful to charities in their programmes to develop major donor relationships.

We use the word 'conscious' deliberately to distinguish between ordinary expectations on the one hand and possible rewards or benefits on the other – intangible rewards that would be valued if the charity used more imagination and creativity.

The first and most obvious point to make is that each individual is different and needs to be treated as an individual and not as a category or a name on a database. Equally obviously, this requires sensitive, personal attention to find out exactly what the donor does and does not want.

## **Donor expectations**

There appear to be seven discrete categories in which donors have expectations of how the charity will deal with them and below we describe what these are and how donors describe their experiences and preferences.

### ***1. Type and frequency of contact***

Some want regular personal telephone contact, others find too frequent contact unnecessary and can be intrusive. According to one donor....

***'The feedback I get from charities is variable but I don't want too much. I'm terribly busy and so I ask for it to be limited and don't insist on frequent reports.'*** (Donor)

At the very least, donors would like material describing the work of the charity and specifically how the money has been spent and the rewards that it has brought, particularly if this is tied to a particular project.

Material sent through the mail is the very minimum requirement. However personal contact would be appreciated even more and this is not always forthcoming:

***'For example, I gave £250,000 to a charity and although they do send me some material, no one ever rings me up and says we're having a dinner for some of the donors and we'd like to bring you up to date with what's going on – that kind of personal contact. I think they're just lazy.'*** (Donor)

Others had happier experiences offered to them and the more professional of the charities we spoke to regularly entertained their donors in some kind of personal style – lunches, dinners, receptions, etc.

Style of contact, as many of the fundraisers put it, is something you need to establish early on in the relationship. Email is perfectly acceptable to donors who want a fairly regular and personal involvement. But exactly who makes the contact and for what is very important and leads to the next point.

### ***2. How respectful is the charity?***

There are two different issues here: one is to do with status and the other is to do with etiquette.

Firstly looking at the status of the person doing the thanking. The fundraiser will be the most likely point of contact for events or other logistical aspects but appreciation for major gifts should come from the Chief Executive or Chairman – unless there is a good reason for someone else to write.

***'We (organisation donor was president of) donated £80,000 to X charity several years ago and I was very annoyed at the response. First of all, it was several months after we had sent it and secondly, it was a very perfunctory letter – almost a form letter – from someone in the donations office or something like that. I felt that with a donation the size of ours, I should have received a personal letter from the Chief Executive. It just leaves a bad taste in your mouth.'*** (Donor)

***'We had been in correspondence with the principal but then when we did send our cheque, it was acknowledged by his personal assistant. Sometimes, it's even worse and you get a letter from the public affairs person.'*** (Donor)

Secondly, as far as etiquette is concerned - the common courtesy of a thank you letter at all - seems not as common as one might have thought. There seems to be in some charities a peculiar kind of disconnect between the manners that operate in personal life and those that operate in business life. In the words of one highly critical respondent – a very major donor, also chairman of several charities:

***'People are bad at asking because they're nervous about it and bad at thanking because they don't think about it or know how to do it. People haven't thought it through. For instance, I recently gave £5000 and never got a letter but saw the man who asked me in a restaurant and he came over and thanked me. He'd obviously received the money but didn't think it was necessary to send me a letter.'*** (Donor)

When relevant, offers of tickets or other tangible gestures are appreciated. Obviously, the donor can pay for his or her own but the personal initiative on the part of the charity is a signal of recognition and gratitude.

### **3. Timing of requests**

Donors are not naïve. They know, or assume, the charity will come back to them with further requests. What several criticised was the speed of the return request or the very clear sense they got that they had been bumped onto a database and the request was merely an automated form letter.

***'I had given about £5000 I think it was, and it seemed almost immediately I was asked for more. And it was the way they asked me which was annoying. As though my name had gone straight onto a computer database and the database was instructed to fire off letters on receipt of a certain amount of money. I had started off feeling very warmly disposed to them but this seemed very cold and impersonal.'*** (Donor)

***'What annoys me is what sometimes happens at Christmas. You send off fairly substantial cheques and the charity, instead of thinking we'll write to him again next year, within a couple of weeks you get put on to some database and you get a general mailing shot – which seems rather unthinking.'*** (Donor)

### **4. How emotionally committed does the donor wish to become?**

This is difficult to judge and underlines the need for careful and sensitive handling. A more emotionally committed person is more likely to remain a regular donor and it is a measure of the fundraiser's skill to be able to foster this kind of commitment, to keep it fresh and rewarding for the donor. It is particularly difficult to calculate a donor's level of commitment because the donor may not him or herself realise the potential for involvement at the outset, further underlining the value of being able to meet over events or activities that draw the donor closer to the workings of the charity – as discussed earlier.

Here is where the very professional fundraising programmes demonstrate their skills by spending a lot of time and thought in trying to understand the needs and wants of each of their individual donors.

It also illustrates the real paradox in the personality and skills of the fundraiser and underlines how difficult the fundraiser's job is. On the one hand fundraisers must be sensitive to what they are hearing from their donors, be good judges of character, empathetic to understand what it is like to be a donor. While at the same time, in the words of one very experienced fundraiser, he or she needs to be 'outgoing, thick skinned, with broad shoulders, capable of lateral thinking who likes a challenge and enjoys persuading other people to do what you want them to do'.

### **5. How professionally do donors wish to become involved?**

Donating skills as well as money can be satisfying for the donor and valuable to the charity. Many of the fundraisers spoke gratefully of the availability of entrepreneurial, financial, creative or 'access' skills that their donors were prepared to give. But here again, managing this can be difficult if, as happens from time to

time, the donor (and his/her money) become more overbearing/demanding/dictatorial than the charity can cope with.

Involvement generally, no matter how defined, was felt to be a wish that donors are increasingly expecting, according to several charities:

***'People want to be actively involved and this seems to be the way philanthropy is moving. I can only think of one or two who just give and walk away.'*** (Charity)

But it brings relationship management problems that charities must learn to live with:

***'Getting the balance right is very difficult. If people have given a lot of money and want to be involved, they should be allowed to. In fact, I think more and more people are giving on the condition that they have a lot of involvement and that is something we must learn to manage.'***  
(Charity)

## **6. How much public recognition do donors want?**

One fundraiser, with considerable experience of the same charity in both the United States and Britain was very clear about the nature of her British donors:

***'Our fundraising activities are fairly low key because we've tended to find a lot of our donors don't particularly want it trumpeted that they're donors...this, I found is fairly common with high level donors of a particular kind in the UK ...it's not considered polite to make public details of your finances. We're quite a traditional organisation and we have a lot of older donors who think talking about money isn't good form. Which suits us because it is very time consuming and we've only got a small team.'*** (Charity)

Although anecdotally we were told that Americans were keener on this than their British counterparts, it should probably not be assumed that such reticence is a generalised British cultural characteristic. For example, one donor with considerable experience of donating and fundraising in both countries disagreed vehemently with such (perhaps out of date) general cultural stereotyping:

***'When I came back to England after a long time abroad I have never seen a society that is so flagrant in its consumption and so keen to demonstrate wealth and material assets. You know cars and kitchens and that kind of thing I think is more demonstrated here. Who you are, reflected by your wealth, is more important than even in New York.'*** (Donor)

Furthermore, reticence about displaying wealth is certainly not characteristic of ethnic communities in Britain who are very keen for recognition and who, according to several charities, respond generously through their very closely linked communities and networks. We were told that it is particularly important to tie the money to a very specific and visible project which will benefit people in the home country and which will carry the names of the members of the British ethnic community.

This is an extremely important issue and one where dominant stereotypes can be misleading. Social changes occurring over the last 20 years have made the traditional cliché of British reticence about display or talking about money less true. While this reticence may still be the norm amongst some age and social groups, in other sectors this generalisation needs to be questioned.

## **7. Who do major donors wish to meet?**

We made this point earlier but it bears repeating on behalf of the donors as they felt so strongly about this. In the eyes of many, this sort of access – to the person or persons whose ideas and passions are making the charity work – is extremely important and clearly has the potential for engaging the donor more closely with the work of the charity.

The fundraiser should be a conduit, an enabler, and a facilitator for the kinds of contact that bring the donor more closely into the aims and ideals of the charity. This is a role that the fundraiser would actively embrace but he or she needs the full backing of the other members of the charity, particularly those involved with the programme to do properly.

*'I'm thinking of a charity where the fundraiser is a very, very good person, very professional. But the man who runs it is the one I want to talk to. He comes from the part of the world the work is being done in, he knows what he's talking about, he's passionate about it and I want to give him money. No matter how fabulous the fundraiser is, you don't want to pay her salary.'* (Donor)

*'If you are a good fundraiser trying to establish a relationship with a donor you actually need to feed through information that will enthuse that donor, introduce the donor to the people making the programmes work and so forth and its often very difficult to get the support you need from either the chief executive or the programme director.'* (Donor/ex-charity)

### **Things that should never happen**

While it is true that virtually every donor we spoke to could quote an extremely unsatisfactory experience with the way a charity had treated a large donation, the experience was not common.

However, having said that, as the examples below indicate, this should never be allowed to happen and one or two respondents felt it was endemic. Apart from the obvious loss of good faith of the person involved, customer satisfaction research regularly shows that unsatisfied customers tell three times more people about the experience than satisfied customers.

As these experiences and others like them illustrate, goodwill can easily be squandered though the combination of incompetent administration and thoughtlessness.

*'It's only happened once but it does stick in my mind – quite a substantial sum, £34,000, which the charity didn't acknowledge and when I enquired about five months later, they discovered they couldn't find it. A slip in the system and I wasn't much impressed by that.'* (Donor)

*'I used to give this particular charity large sums of money and I'd been doing it for several years when I got a letter saying as a new donor we would like to thank you. So I wrote back saying I'm greatly offended you called me a new donor as I've given you thousands of pounds and the next letter came saying as a new donor we'd like to thank you. So I got fed up.'* (Donor)

*'I gave a rather large sum – around £40,000 to my college some years ago when they hired a fundraiser to run a major appeal. But for months after I didn't hear and so finally I contacted the Master of the college who didn't reply the first time so I wrote again and he finally wrote a rather poor letter saying I seemed to have dropped through the net.'* (Donor)

*'I was president of an organisation and we raised about £30,000 for a charity and I obviously expected to hear from them. But to my amazement, I didn't hear a word. So I thought maybe something had gone wrong with the cheque so I phoned them, and do you know, they said, 'oh yes, we did get it I'm glad you called as we wanted to thank you.' Well I don't really think that is the way to respond to big donations. If I hadn't called, she may never have called me.'* (Donor)

## VII. What do corporations expect?

The interface of charities and corporations is different from the individual interface. But not that different.

Several major donors who had had charity solicitations in their business role were particularly critical of the way charities tended to approach them. It is relevant to the increasing need for professionalism and is summed up in the words of a peer who is also chief executive of a major British company:

***'It's all about targeting the company intelligently. Charities need to be much more thoughtful in their approach. They should think through why they are even approaching the particular company in the first place, why the company would want to give, what the company will get out of it and how the charity fits with the company's brands or reputation.'*** (Donor)

Another donor with a similar background echoed this thought:

***'Charities think that companies ought to give because they are rich. That the charity is doing them a favour by relieving their guilt about having so much money. But the thing is that companies receive so much material, so many requests that they have to be able to see a benefit in some way from supporting one particular charity over another.'*** (Donor/company CEO)

What this requires is both intelligent research and some creative thinking. Websites describe the activities of companies very thoroughly - necessary when the company isn't a well-known consumer brand name. Many websites also list the areas of charitable giving that the company supports although it was said that companies should do more to make their areas of interest clear.

Attention to the publicity that the company is receiving, its advertising and promotion will quickly give a picture of where the company's commercial interests lie. The next step is to link the charity's activities to these interests and demonstrate that a relationship with the charity will have some value for the company.

Bombarding the company with information about the charity is less useful than a well thought through presentation of what the benefits to the company might be. Or, if a presentation is difficult to arrange, at least include the argument with written material. As one chief executive said:

***'I get hundreds of requests a month asking for money for one of the things our website says we are interested in. There's nothing worse as a company than getting a huge amount of information on something you know you won't read. You think, oh my god, there's such a lot of time and money gone into producing this and it goes right in the bin because it's not relevant to us. It's such a waste.'*** (Donor /Company CEO)

Formal meetings or pitches to companies are also criticised, by those who have experience of them, as amateur for three specific reasons:

The argument has not been framed in such a way as to link the charity with the company's reputation or brands:

Insufficient thought has been given to preparing answers to questions, countering resistance or objections.

***'We sift through who we want to talk to and then get them to come in and pitch. Most aren't very good. They aren't really prepared; they can't address why it makes sense for us to give in a convincing way. It's usually done on the basis of 'we're a very good charity, you've got loads of dosh, you should give some to us.'*** (Donor/company CEO)

***'There are a lot of people out there who take the view that you should give just because you have the money. That philanthropy is a generic good. That doesn't work any more.'*** (Donor/company CEO)

The wrong people are doing the talking. Companies, like individual donors, like to hear what the programme really is about in the words and passions of the person carrying it out. The fundraiser and/or the charity director are relevant as back up. But the essence of the pitch should be from the person doing the work. For example:

***'A compelling presentation usually does it for me - particularly from people who work at the front line. We had one the other day. The man who ran it had given up his career to run this charity and they'd just had a terrific success and the guy came in and described exactly what he was doing. It was tremendously powerful and was the kind of thing we give money to so he got it. It's usually the fundraiser who makes the presentation but that's not who I want to hear from. The fundraiser is obviously very important but they're not on the frontline, they can't tell it like it is.'*** (Donor/company CEO)

## VIII. How the structure and culture of charities themselves inhibit best practice

Here we return to the point made earlier about the different sets of attitudes in the commercial sector vs the voluntary sector and the point made about treating major donors as clients of the charity. This requires a change in the culture of the charity so attitudes and behaviours cease to be solely transactional – i.e., a one-off donation where the charity relies primarily on the donor's interest and motivation – and begins to recognise the value of an ongoing reciprocal relationship that is stewarded and developed over time.

Firstly, what did we learn from these people about the relevance of US practices? Fundraisers were variously envious, admiring, guilty or dismissive of what could be learned from the US. The differences that make the US generally more successful in generating large amounts of money – greater levels of wealth, tax differences, cultural attitudes towards philanthropy, the social prestige associated with giving – are covered in other reports.

What the fundraisers in our research did not mention but was elaborated extensively by consultants and donors with experience in both countries was the structure and politics of the charities themselves. What we report here is probably leading edge US practice rather than majority practice but these practices do make sense and could theoretically be implemented here.

### ***Role and status of fundraisers***

This is critical. Some people were very blunt about this: the status of fundraisers in the organisation is too low for them to be as effective as the role demands. Here is what consultants with experience of many charities had to say:

***'Fundraisers are not as central to management as they should be. Obviously, it varies from organisation to organisation but here we have people who are expected to bring in several million pounds and they do not have a seat at the top decision-making table. Or they do but only through the conduit of someone like the head of communication.'*** (Consultant)

This seems to be considered the natural state of affairs and it is worth questioning why that should be, as it clearly will limit the status of the fundraiser. A rational management structure would give equal emphasis to the people charged with developing the charity's programmes and the people charged with funding these programmes. One can't happen without the other. Yet, unless actively addressed, it appears that the power lies with the chief executive and the programme director, the latter of whom, in addition to power, has status and charisma. The fundraiser at best is tangentially involved and at worst is actively cut off from this power and status nexus. This is something that several of the charities spoke eloquently about. A number had had experiences that showed unnecessary (and unimaginative) rigidity in separating job functions; others related experiences of the gulf that can lie between raising the money and spending it:

***'The most important thing is to involve everyone as much as possible. When I was at X, I was very keen to do as much fundraising backstage as I could. So that would involve receptions on the stage, talking to the artists and what have you. When I suggested it they looked at me in complete shock.'*** (Charity)

***'I think this is a real issue in this country. Often the fundraiser is looked upon as someone whose job it is to raise money in order to fund programmes and the programme managers think they have a God-given right to the money and they really are very angry if the fundraiser doesn't succeed. But when they do succeed they take it for granted. They don't give fundraisers enough support.'*** (Donor/charitable trust)

Why this should be possible in the US but not here is not clear but the following remark is probably typical of the UK:

***'In the States my experience has been that we would look for programme staff who would be good at promoting the work to donors and would do so personally and in writing. It was always clear that that was part of the job. We would never do that here. Our job descriptions would never include that because we feel it would take away from the programme focus.'*** (Charity)

While this may not matter particularly with the vast bulk of the fundraising activities (apart from de-motivating fundraisers and exacerbating turnover, something not to be under-estimated) it is critical in major donor fundraising.

People being approached or who volunteer large sums of money either for the charity in general or for specific projects do so for many motives. Leaving aside those that wish to remain anonymous, a large number of givers will want to become involved or, and this is critical, *can be persuaded to become involved*, through a relationship with the people central to making the charity succeed in its goals. This will be the chief executive and to an even greater extent, the programme director whose vision, passion and commitment can be crucial to inspiring donations. It is unlikely to be the fundraiser no matter how personable, efficient or charming he or she is.

### ***The roles of Chief Executive and Chairman***

There was a certain amount of criticism here – mainly from consultants but also fundraisers who had a broad range of experience. The need for support for fundraising at the top for major donor work is self-evident – particularly, as this US consultant points out, when it comes to stewardship and taking the relationship further.

***'The modern director has to be seen as someone who really has to be a fundraiser and part of that is stewardship. That's what people constantly talk about in the US. The stewardship idea means that you have to help with building the relationship, seeing and talking to donors and fully supporting the fundraising efforts beyond just asking for the money.'*** (US consultant)

Or from this fundraiser with American experience:

***'You have to have the director involved in fundraising because you can't do it yourself in a corner. If you don't have the leadership involved, the director and the other staff, you're not going to get the most out of the programme. And people aren't educated to do that over here.'*** (Charity)

### ***US practice with regard to fundraisers***

UK fundraisers appear to hold a range of complex and sometimes ambivalent views when comparing UK practice with practice in the United States. The subject is met with comments reflecting envy, admiration, guilt, defensiveness, and fascination. Some looked at problems in importing US practices or indeed US people:

***'I think you can make mistakes by just importing an American fundraiser over here. I've had some unfortunate experiences because although they are very professional and businesslike, they don't have the necessary feeling for the social nuances that is required with very wealthy people in this country. For instance, they might try to put, say, a dinner party together of people who might seem to be equally wealthy but I would know that is just wrong and wouldn't work.'*** (Consultant)

Others felt that the US skills were somewhat exaggerated and others were quick to protest that certain practices wouldn't work – for instance, making large donations a pre-requisite to joining as a trustee (see below). Others were eager to learn techniques and methods.

One of the most relevant practices that people with US experience pointed to was how the best US charities managed the role and status of the fundraiser. We have no idea how widespread this is in the US but there are lessons that could be adopted in the UK.

Language: Americans are very skilled at manipulating titles, often scorned in the UK but important in conferring status and respect. Here the person who raises the money is called the fundraiser; there he or she is the Director (or Deputy Director) of External Affairs.

Salaries: The Director of External Affairs can be – although not necessarily – the most highly paid person in the charity. Salaries reflect status and this is recognised.

Here is what the UK fundraisers say about this issue here:

***'What I call the heartstring charities – children, cancer, environment and so forth can get away with paying less. I actually think it's not very moral. They want to keep costs down because every penny on someone's salary could go to solving the world's problems. But there are certain skills required and they should be recognised in salaries.'*** (Charity)

However, it was pointed out by several of the most experienced donors with experience of running charities or charitable trusts that this is changing and that a top fundraiser's salary in a large charity could be the largest in the charity, a development, he heartily agreed with:

***'Salaries of fundraisers used to be very low but that's changing and I think you'll find that fundraisers tend to be the highest paid in the organisation, sometimes even more than a chief executive but it's taken time to get this through. I think the market is helping to push that because you only get good ones if you pay a good salary – by English standards.'*** (Donor/ex-charity)

Integrated management: He or she will have more day-to-day involvement with the planning and execution of programmes: the choice of options and the funding issues involved. So rather than being some kind of necessary seen-but-not-heard back room activity, he/she is an essential part of the management team.

One fundraiser's experience in the UK speaks for several:

***'There was no understanding on the programme side (last charity worked for). They just expected the fundraiser to give them the money so they could do their thing – very little understanding between the two sides. It's been true of most of the organisations I've worked for – fundraising has always been isolated. Partly because they know more than others because they have so they get involved in politics and fundraisers aren't always very popular.'*** (Charity)

The programme director is expected to be more knowledgeable about the cost implications of his/her programmes and importantly, and also to participate more actively in major donor fundraising programmes. By doing so, not only does the donor get what he wants (contact with the heart and soul of the charity) but this more active involvement confers status on the fundraiser who is obviously the person stewarding the relationship over time.

This is not without its tensions, however, as this US consultant describes:

***'More and more the tension is at the point where a curator or programme director will go and choose a programme and the fundraiser will say, listen, I don't think we can get support for that. So now programme directors are being asked more and more to be involved with fundraising activities – it's written into their contracts. Gone are the days when they could sit back and work on their programme and wait for the money to roll in. They have to be actively participating with the fundraiser.'*** (Consultant US)

### ***Role of trustees (US vs UK).***

While the foregoing are characteristics that would be appropriate and welcomed in the UK if psychologically and politically they could be managed, the role of trustees is a very contentious issue and one where the US emphasis on trustees being major contributors tends to be resisted.

The motives behind the resistance are complex. The one most often stated was conflict of interest although exactly what that means is still unclear.

***'The role of charities in this country is one of stewardship and governance so trustees are expected to give time, expertise, knowledge but not money. I've heard that from many people and trustees in this country feel very strongly about it - very different from the US. It may be changing but not that much.'*** (Charity)

The more onerous regulatory responsibility of trustees nowadays was quoted as a reason for separating the two roles - as described by this charity chairman:

***'In the last 10 years, the governance issue has frightened people – the fact that they have enormous responsibilities that they didn't have before and the Charities Commission has made that quite clear. So there's a feeling that the big askers, the big hitters who can look to their friends for a million pounds may not be the best as trustees. So there is a division between your trustee board and your governance board.'*** (Charity)

Others described a commitment to 'diversity':

***'I would prefer that our board be composed of a wide diversity of people. This means that sometimes the person who knows most about the subject, who is most passionate about what we are doing won't be able to afford a big gift. But their knowledge and enthusiasm are just as valuable as money.'*** (Charity)

This fundraiser went on to pinpoint what she felt was the belief structure behind this view: i.e. that the person fears he/she will be thought by peers as having 'bought' a place on the board rather than being chosen on the basis of merit.

***'A lot of them believe that giving money undermines their ability to be a proper trustee. I've had people say I would be reluctant to give a gift if I came onto the Board because people would say that was the reason I became a trustee.'*** (Charity)

However, at least one charity spokesman – chairman of several charities with long experience of the voluntary sector was quite outspoken in the other direction, labelling the attitude of his countrymen hypocritical and lazy:

***'The first thing I do is give £25,000 and I say to everyone around the table you either get 25 grand or you give it. People who talk about governance are using it as just an excuse not to give any money. When they say that it is a conflict of interest, I tell them it's not. You can't ask other people to raise money unless you contribute yourself. As far as good governance is concerned we can do that together as part of our work. But I make the financial commitment very clear. If not, they don't become a trustee.'*** (Donor/chairman)

Indeed, many, although perhaps not quite so forthcoming, thought this resistance was diminishing in face of economic reality and declining government support. The lofty moral position may no longer be affordable:

***'You have to be a lot more hard-nosed about who your trustees are if you aren't protected with government money. We have to raise all the money ourselves so we need our trustee board to contribute.'*** (Charity)

***'In the US once you're known to be wealthy its difficult not to be seen to be giving. Here that isn't the case but hopefully that is changing. It needs to.'*** (Charity)

Nevertheless, this dilemma will continue to exist and charities appear to be finding ways of resolving it. This amounts to effectively having two boards: one being the legal entity composed of the kinds of people

thought appropriate to boards – people with skills, experience, judgement to carry out the appropriate governance. And a second, development 'board' or committee, which works with the chief executive, the programme director and the fundraiser specifically on funding issues.

Each charity moving in this direction is finding its own way of organising this evolved structure and there are no doubt several models to be followed. For example:

*'We have a committee, which sets the agenda for major donor fundraising. There is a Chair who is relatively well known in his particular area and well connected and the members are people who can also make approaches to other people.'* (Charity)

*'We have what we call the Vice Presidents. They have been recruited because it became very clear that the trustees were not going to ask. They weren't happy with fundraising and didn't feel comfortable doing it and didn't feel it was their role. So we identified people who could be our potential Vice Presidents, who are up and coming in their profession rather than the people at the top who are about to retire. So they're very dynamic and high profile and their remit has three aspects. One is personal financial commitment; one is the networking and the spheres of influence, which for many of them does involve a fundraising element as well. The third is what they can do in terms of media, raising awareness of the issue.'* (Charity)

This is a critical subject and one that deserves a study specifically devoted to what must be the most important task for charities facing a future of greater reliance on donations for funding: how to create an effective, efficient, productive board.

What the United States seems to have which is lacking in the UK is a developed infrastructure of different sorts of organisations devoted to helping charities develop good boards. These organisations produce research reports, pamphlets and other best practice material to help maximise the effectiveness of their board. This is something that would be of considerable value in the UK.

## Conclusions

In conclusion, the study underlines the importance for charities of developing a more relationship-based model for managing their major donors. Charities need to look at major donors as individual clients from whom they could gain more commitment (in terms of money, or time, or skills). However, the essence of this approach is reciprocity and this requires giving more back to the donor: paying more attention to the longer term stewardship of each relationship rather than treating donations as discrete transactions. As the report has described, this has major implications for the charity's structure, culture and working methods.

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