

# How the Right Marketing Strategies Can Enhance Your Planned Giving Program

Planned Giving Marketing — An Expansive View

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## Executive Summary

Many organizations, particularly small to medium-sized nonprofits, have the potential to raise as much or even more money through planned giving as through major giving. The absence of a planned giving program — or perhaps more importantly, a comprehensive ultimate giving operation — places extraordinary emphasis on current cash support to the detriment of deferred money. Only the right marketing strategy can promote the growth of planned giving and facilitate an integrated ultimate giving effort, allowing your organization to be truly donor-centric while you boost fundraising results.

## We are still in the “Golden Age of Philanthropy”

According to Giving USA 2007, charitable bequests totaled an estimated \$22.91 billion in 2006. As in recent years, these charitable bequests made up less than eight percent of the estimated total giving that year. But research shows that one in three individuals would be willing to consider having a charity named in his or her will.<sup>1</sup>

These findings support the belief that organizations need to focus on upgrading donor consideration into donor action, especially for planned gifts. What does this mean for you? Whether you are beginning a new program or hoping to invigorate an existing planned giving effort, you are far more likely to be successful if your planned giving program is fully integrated with your comprehensive development efforts and communication strategies.

## Why marketing/cultivation is so important

For decades, passive fundraising has marked the industry approach to planned giving. It seems that we are satisfied with a marketing and cultivation methodology that is separate from many of our related donor development activities, dependent on direct mail contacts with one half to one percent response rates, and reactive to donor intention.

It is possible that our passivity is rooted in a mistaken belief that most planned gifts come from older wealthy donors who have already contributed significantly through cash gifts. Although some planned gift donors fit this description, most are hidden in your database. However, we now know how to uncover your best prospects for annuities, bequests, and charitable remainder trusts (CRTs).

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<sup>1</sup> Report prepared at The Center on Philanthropy at Indiana University

Armed with the knowledge of how to pinpoint our best planned gift prospects by type of giving vehicle, as well as the paths these donors follow in their relationships with our organizations, we can consider an integrated cultivation process. The donor development life cycle begins when prospects enter our database with a comprehensive, proactive program that erases the misconception that planned giving marketing should be separated from other donor cultivation.

### Building the foundation for the right marketing strategies

Donor development, and the quest for the ultimate gift, begins when new individuals or prospects are added to the database. Whether your organization has natural constituencies — such as alumni, parents, or patients — or must draw from a wider, more diverse universe of individuals believing in your mission, starting the cultivation of a special relationship from the early stages of interaction offers your organization a great opportunity to achieve its ultimate funding potential.

Start the process today with an internal evaluation of all your development activities. Does your organization operate from a “silo” approach, with little integration between annual, major, and planned giving? Or do you have a comprehensive plan that maximizes overlapping donor contact initiatives and reduces the solicitation impact on best prospects? If so, by reducing internal barriers and placing donors’ interests and needs front and center, you can raise more money.

Raising that “extra” money begins with the solicitation of the first gift. Did you know that annual donors or members who become habitual contributors to your organization form the groups with the highest likelihood of becoming planned gift donors? Furthermore, were you aware that contributors participating in your mission largely through ticketed special events are far less likely to reach their ultimate giving potential? However, season ticket subscribers, particularly at moderate pricing levels, may be among your best planned giving prospects. Interesting, isn’t it?

However, like most gems uncovered through data mining, this information is most powerful when we understand the messages to be learned and take the next steps to ensure that we practice the most successful donor development techniques. The following are critical knowledge points and action items.

- Most planned gifts emanate from habitual annual donors. Loyal giving behavior frequently trumps gift size as a predictor of planned giving.
- In addition to annual giving, recurring behavior pertaining to memberships, volunteerism, and ticket buying also demonstrates loyalty linked to ultimate giving in the form of a planned gift.
- Loyal donors deserve special treatment, and that begins with the solicitation and renewal process. Whenever possible, reduce the number of “asks” targeting loyal donors and investigate anniversary date solicitations.

### Getting Started

If you are just beginning a planned giving marketing program or revitalizing an ongoing program, remember that it is very difficult to document success in the short term. Appropriate expectations need to be agreed upon from the start — planned giving success is a long-term investment, and everyone involved in evaluating the program must exercise patience!

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- Loyal donors include individuals who do not give every year. My research reveals that individuals giving at least 60% of the time ultimately behave similarly to “never miss” annual donors. Want to take action on this knowledge? Establish a “triggering event”, such as a minimum of three gifts in five years, to identify emerging planned giving prospects. Then focus your best and least intrusive and most successful donor relations activities on these individuals to stimulate their ultimate giving potential.
- Recognize loyalty with the same vigor devoted to mega-gifts. Many loyal donors have significant ultimate giving potential, often through charitable bequests. Let them know your deep appreciation for their loyalty with recognition in your annual report, donor honor roll, and web-based recognition.
- Thank them, thank them, thank them! Break out of formulaic thinking and let your loyal donors know you really care. Yes, it is important for organizational leadership to thank donors, but always remember that most donors are mission-centered. Try having those who deliver or benefit from your services and mission participate in the thanking process. Who is better at documenting the benefits derived from an individual’s gift support?
- Regularly ask donors why they support your mission. Short surveys that concentrate on donor attitudes and preferences, rather than provocative “wealth” inquiries, offer the opportunity for the sharing of insightful information that may strengthen the bond. Make sure you add survey results to the database and develop action items based on the insights gleaned from the responses.
- Never forget, for the majority of planned gift donors, the bequest or annuity is their major gift. They do not view themselves as capable of making large cash contributions. As such, they warrant special, personalized attention around their consideration of planned gifts. Conversely, almost all major donors are capable of making an additional planned gift. Although this form of the gift may not be as appealing to the donors who are accustomed to the excitement generally associated with large gifts of cash, do not forget to ask for a planned gift from major donors.
- Finally, always remember that the personal insights you gain from donor meetings and calls are often the best information you will get for directing future cultivation strategies. If we meet with more legitimate planned gift prospects, we will close more gifts. Remember, your best planned giving prospects are charitably inclined donors; if you are not meeting with them, another nonprofit probably is.

### Ultimate Giving

Simply put, ultimate giving is the quest to maximize individual gift support through a cultivation and solicitation plan that is truly donor-centered (focuses on the needs and interests of the individual donor). It starts with a comprehensive data mining/prospect research effort that identifies individual likelihood to give certain types of gifts. It is made possible when organizational barriers between prospect research, annual, major, and planned giving, donor relations, and stewardship disappear, allowing your organization to approach its true fundraising potential as you lower your administrative overhead.

### Planned giving marketing strategies

The best planned giving marketing strategies will flow naturally from the foundation created in your annual giving cultivation, solicitation, and stewardship strategies. Building awareness among all staff on the importance of planned giving — and not just those with day-to-day responsibility for fundraising — will establish an environment focused on positive donor relations.

The vehicles for marketing planned giving likely exist within your organization already. With broadened awareness and a cooperative spirit, these tools may be tweaked to promote planned giving cultivation with little or no additional cost.

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- Planned giving marketing may start with something as simple as the back of your business card. Use the blank space to provide the correct legal language to designate your organization as a bequest recipient. For example:  
*I give (\$) (%) of my estate to the Lost in Space Foundation, P.O. Box 1727, Lafayette, CA 94549 to provide funding for the ongoing activities of the Foundation as determined by the board of trustees (or for the purpose of \_\_\_\_\_). Tax ID 00-0000000*  
Now all you have to do is meet some prospects and share your business card.
- Annual reports, newsletters, and magazines are most likely to be significant contributors to building awareness of your organization among your key constituencies and local/regional/ national markets. They are ready-made vehicles for sharing information about planned giving with your best prospects. Personalized stories about planned giving donors — including all types and sizes — simply and effectively bring home the message to prospects through sharing living examples of people “just like them” who were able to make personally-significant planned gifts. Research indicates that many individuals refrain from making planned gifts because they do not believe themselves capable of doing so, or that the organization is not that interested in gifts of this size or type (see the mega-gift point discussed earlier). Warm and personal accounts of donor intentions and the psychological rewards they gain through doing something special for a mission they love paves the way for others to believe they may do the same.
- If you have done data mining, and you now know the best individuals most likely to make charitable bequests, gift annuities, or trusts, you may effectively target the annual reports and newsletters. For example, if you publish a story about Anna and her recent charitable gift annuity, boost the likelihood that your best annuity prospects read the story through a letter or call drawing their attention to Anna’s personal account. It’s that simple; it is proactive, and it is successful.
- Do you work for an organization in which the publisher of the annual reports, magazines, and newsletters believes that public relations efforts should be development-free? The real “publisher” is your mission(s), and the need to fund that mission should drive the contents of publications. Testimonials and donor stories are not solicitations; rather, they are cultivation and stewardship tools. These personal accounts of philanthropy have a home in your publications.
- Direct mail is another method for sharing the word on planned giving with your best prospects. However, if your direct mail message is passive in nature — one that will require the prospect to respond in order to receive more information — do not expect to generate a strong response and do not rely on direct mail marketing to be your program’s main lead generator.
- The contents of the direct mail you send, as well as most other planned giving collateral materials, should be simple and to the point, free of technical language, and they should introduce only one or two giving concepts at most. You may have heard of the marketing concept, “Sell the sizzle and not the steak.” Or another phrase from my native Wisconsin applies as well: “Nobody is really

### Anniversary Date Solicitations

Many loyal donors give at or about the same time every year. Although fundraising lore encourages us to solicit often, my research suggests that we actually energize ultimate giving behavior with a donor-centered approach. Try asking for renewal gifts at the same time loyal donors are likely to give (which, of course, varies by donor but is easily identifiable through simple data mining).

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interested in how the sausage is made, but rather, it is how it tastes that counts!” The warm fuzzies of the benefits of giving will motivate people to act. The technical details of a charitable remainder unitrust will put them to sleep and therefore do not belong in marketing materials unless you have concocted a subliminal messaging strategy!

- This means that you do not need to be an expert in the technical parameters of planned giving vehicles to write marketing materials. In fact, if you are a technical expert, your marketing materials may be inclined to include detail that does not translate well in marketing. So check the technical terms and acronyms at the door before creating your marketing materials. Here is a method that works:
  - Let’s create a charitable bequest brochure. Gather together or poll colleagues, volunteers, donors (yes!), and other fundraising professionals and ask them to create a list of any motivations or facts regarding bequests that come to mind. If you are starting a new program, read other organizations’ materials to uncover donor motivations you may have missed.
  - Compile the complete laundry list of ideas. Now separate the list into two columns: motivational concepts and technical details.
  - The motivational concepts are the outline of your direct marketing materials. Now flesh out this material using as few words as possible and complete your direct marketing materials.
  - Have people outside of the profession review the materials to see if the motivational factors resonate with them and ensure that no technical terms snuck into the materials.
- I am not a big advocate of “pay-as-you-go” special events, and I do not recommend them as cultivation tools for planned giving prospects. However, I love smaller, more intimate, and free events intended to share information about your mission as cultivation tools. Use your planned giving scores and rankings to determine where these events should be located and whom to invite. Have your development officers attend, meet the prospects, and assign them to appropriate follow-up activities. Without specific post-event strategies, you create a great cultivation activity minus the final relationship-building actions. These events will rarely generate gifts if left unsupported by staff.
- Seminars remain a valuable tool if the audience selection is realistic. You may hope to attract the wealthiest prospects to these seminars, but these individuals are the least likely to attend, as they almost assuredly have retained their own financial planning and wealth management counsel. Use these seminars to provide a true service to very good prospects with less capacity but very high likelihood to give a bequest or annuity.
- Recruit a volunteer board of attorneys, financial planners, and bankers to staff seminar presentations. These volunteers not only offer expertise that you won’t need to duplicate in your staffing, but also may provide added incentive for top prospects to attend a seminar. Try offering attendees a free 30-minute consultation with your volunteer board members. It will promote attendance, and it may create a stronger bond between these volunteers and your organization. In addition to personal rewards your volunteers experience through their commitment, your board members also get exposure for their expertise.

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- If your organization has a strong local or regional presence, you may open seminars to community members. Take the opportunity to share specific instances of the positive impact your organization has on the community and the region. Community-minded individuals may be inclined to support your mission with gifts through their estate.
- Thanking is a year-round activity that opens doors for further planned giving cultivation. Essentially anyone with a vested interest in your mission can thank donors. Service providers and service recipients make great spokespeople.
- The popularity of electronic communication via the Internet and email offers additional opportunities to promote planned giving. Make a commitment to keeping your website current and place those great donor stories previously mentioned front and center on your site. Software tools that enable donors and prospects to create personal giving scenarios are also a great service to website visitors. Your website content should adhere to the same rules as direct mail: keep it simple, clean, with the minimum number of words required to clearly state your case.
- Email opens another communication channel. It is important that your email content integrate into an overall communication strategy. Just because you now have one more contact point with prospective donors does not mean that you should or must contact them more. Take the time to ask and identify each donor's preferred communication vehicles, and adhere to them!
- In addition to your volunteer planned giving board, also cultivate relationships with financial planners and attorneys in your community. Occasionally a prospect's interaction with a professional advisor will open a door for your organization to be included in his or her charitable giving plans. This is a secondary level of marketing and should not replace any efforts to personally interact with your prospects.
- Personal cultivation of qualified planned giving prospects remains the most effective marketing strategy. Relationship-building may start through direct marketing materials, but personal meetings give direct insight into the interests of the donor, as well as opportunities to merge their interests with organizational needs.
- So you say you do not have enough time in the day to leave the office for prospect visits? Personal donor contacts and visits need to be a priority for your organization. If you do not know how to fit them in, I suggest that you keep track of your time for a week or so to determine which activities comprise most of your daily activities. Look for tasks that may be eliminated or delegated. Take this information to your leadership and share with them the activities that have little bearing on fundraising success. Create buy-in regarding a shuffling of priorities, and then make daily and weekly commitments to interact with donors and prospects. If you are the chief development officer, demonstrate leadership through your own personal commitment to donor interaction. Do you really need all the internal meetings you schedule to talk about raising more money? Would it be more beneficial to use that time with your donors and prospects?



### About the Author

Lawrence Henze, managing director of Target Analytics, has extensive experience in fundraising, market research, and the application of predictive modeling services to the nonprofit marketplace.

The founder of Core Data Services, which Blackbaud acquired in 2001, he has also served as vice president of predictive modeling services at USA Group Noel Levitz and president of The Philanthropic Division of Econometrics, Inc.

Mr. Henze has 15 years of experience in development, raising more than \$125 million, primarily for higher education institutions. During his career, he has personally reviewed the giving histories of more than 30,000 planned givers across the country. He holds a BA in political science from Carroll College in Wisconsin, and an MA in public policy and administration and a law degree from the University of Wisconsin at Madison.

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## Final thoughts on planned giving marketing strategies

Passive cultivation is the norm in planned giving marketing. The result of passive strategies is an industry standard of low expectations on direct mail response. Passive activities create an environment that leaves gift monies on the table and decreases the likelihood that prospects will come forward to share their gift intentions with you.

Resist the temptation to base most, if not all, of your planned giving program on direct marketing activities. Develop materials that work best with personal intervention or follow-up. For example, if you must have the beautiful four-color brochure that includes explanations of a laundry list of planned gift types, use it as a “leave behind” after you have met with a prospect. Simply used as a mailing piece, it is mostly ineffective, as it begs to be ignored (too much information) and suggests that your organization is not cost-conscious.

Direct marketing materials should be kept simple. Technical language should be removed from the contents. Appeal to prospects’ passions and interests, and create a motivation to act. Details of the gift transaction are best discussed face-to-face. Share one, perhaps two gift strategies per direct marketing piece. Too much information can be overwhelming and counter-productive. Focus your expertise on relationship-building rather than technical knowledge. After all, fundraising is personal.

Finally, determine your best prospects for planned giving through data mining. Commit to a plan that will encourage ongoing dialog with your best prospects. Ask about their passions and motivations and create relationships that enable them to realize these goals. Leave your office on a regular basis to meet and cultivate donors. Your success will exceed your hopes!

## About Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 24,000 organizations — including The American Red Cross, Cancer Research UK, Earthjustice, International Fund for Animal Welfare, Lincoln Center, The Salvation Army, The Taft School, Tulsa Community Foundation, Ursinus College, the WGBH Educational Foundation, and Yale University — use one or more Blackbaud products and services for fundraising, constituent relationship management, financial management, website management, direct marketing, education administration, ticketing, business intelligence, prospect research, consulting, and analytics. Since 1981, Blackbaud’s sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Australia, Canada, Hong Kong, the Netherlands, and the United Kingdom. For more information, visit [www.blackbaud.com](http://www.blackbaud.com).

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