Selling Values to Major Donors

Barry J. McLeish
Vice President
McConkey/Johnston

I have long advocated that far too much time, effort and resources are spent by nonprofits attempting to cultivate relationships with the wrong end of their donor file. It's a default position, really. Mass donor strategies, such as direct mail solicitation, while important, are not where real success is to be found in resource development. Especially in this day and age, your organization simply must turn its attention to those key- and major-level partners that account for the majority of your spendable income.

But fund-raising and friend-raising at these levels are not simply a matter of making needs known and praying for favor with the prospect. Donors at the higher end must be viewed as significant stakeholders that help anchor your organization financially – and, as a result, require careful attention to the things that truly matter in their relationship with you and your nonprofit.

Who Are We Talking About?

It is wise to have a clearly articulated definition of a "major donor" to your organization. While the category might vary widely among various organizations, I would suggest that your definition not be based primarily on financial involvement. Consider a major donor as a donor who can grow the nonprofit and one that the nonprofit can grow simultaneously . . . whose potential for growth in both categories is good.

Hopefully it is obvious that you sell at the high end differently than at the low end. Bottom-tier selling is primarily need and price predicated – it focuses on your need and the dollars they can afford to give. Upper-tier selling is different. First it is face-to-face.

Too many development directors (and CEOs) assume that personal calling is an option – that "relationships" can be built via correspondence and the occasional phone call. Why? Because they mistakenly believe that donors really care about, and are fluent in their understanding of, your causal products and programs. But at this level your product is not as important, usually, as the personal impact on the donor's value system.

Similarly, it is not so much the expertise of your nonprofit in its field that matters, as much as your impact upon the value system of the donor. To, have an impact at this level requires two different systems internally. First, you must be database predicated. In this day and age, there is simply no excuse for lousy information systems. Second, you must do your fundraising planning on an account-by-account (donor by donor) basis. The database represents a warehouse of information about the problems and opportunities of the client. The account plan is the staging area to understand, penetrate and incorporate the value system of the client.

Concentrate On Key Accounts

If there is a formula for success in the 21st century it is this. Identify your key accounts and concentrate there. Fully 75% of your fundraising time should be spent in this arena. Your key sales people should concentrate here as opposed to monolithic selling, which is selling to everybody. It is here that you earn unusual profits. Your major donors are usually under-utilized, under-involved and under-whelmed by your efforts to communicate with them. In addition, they are probably undervalued by your nonprofit by as much as two-thirds.

But to be successful here, you must know the top donor's value system. They are by-and-large immune to normal fundraising tactics. This is not normally the process — instead we hope that our salesmen, development directors and supervisors can "sell up." But this is the wrong tactic. Anyone can make it to the top once. The real question is how do you get invited back? There is only one way: Concentrating on key donors inescapably means concentrating on what the donors' value systems are. This type of selling is information intensive. It is data dependent. You must sell from data and not from a product approach. You must connect the reality of the values your organization will deliver to the reality of the donor's values. Your conversations with such donors and prospects will not be not about your product but about the joint value systems you are trying to connect.

Your key sales people (field reps, development director or CEO) must position themselves as value representatives. They are not selling a product but providing a service. Your reps are solving a problem. But there are over-arching objectives that must be realized for success in this arena. While, ideally, you wish to penetrate each account for maximum contribution, it is foolish to focus only on financial contributions. Failure to realize that major donors see too well the mercenary nature of much that is called "development" can result in quick defections to those nonprofits that do "get it."

Here's what you need to realize to be successful: First, each key account is a miniature market. There is no room for "broad segmentation strategy" here. You are marketing to an audience of one. Second, each key account has its own business plan. It is objectives-oriented. It is measurable. It demands focused attention to succeed. Third, you must recognize the primacy in improved profit from your key donors and make it your primary objective. Otherwise, you cannot afford the expense of time and resources success requires.

Selecting Major Donors

Earlier, I provided you with a reasonable approach to identifying or classifying major donors. Determining your audience "targets" might follow a process that looks something like the following series of questions:

A. Who are we growing right now?
B. How much are they growing us?
C. How much more can we grow them?
D. How much more can they grow us?

The same process should be looked at for prospects. When making financial projections, analyze your targeted individuals by looking at best-case financial involvements and worst case scenarios, as well as any and all previous financial activity.

Here's what you must know to make this work:

- You must know donor's values.
- You must have a strategy to increase his peace of mind.
- You must know donor's fears.
- You must know your competition (competition is those groups also offering value solutions to the donor.
- Both parties must feel like they are contributing.
- You must know how much you can afford to spend.
- The certainty of the investment's return must be high.

Objectives Of Value Based Selling: Partnerships

The landscape of fund-raising has changed dramatically in the past decade. Successful organizations realize that a paradigm of partnership must be the dominant force that shapes their development efforts. But it is imperative to understand that *both* partners must accelerate each other's growth or there is no point in partnership. Growth must be real; it is not just an unfulfilled sharing of hopes and dreams.

In conclusion, you and your organization must know the donor's values well enough to show how to improve their current value situation. At the same time, you must demonstrate an improvement in the products and programs your organization pursues. Both require far more commitments of time and resources than most have been willing or able to give to this strategy. Ideally, the result will be the creation of close, continuing partnerships that foster lifetime relationships.

Barry McLeish has a distinguished record of marketing and development success, through his career as Director of Development for InterVarsity Christian Fellowship and with dozens of M/J client organizations. He is a popular and widely-sought speaker on various topics from improving direct mail to nurturing major donor relationships, and lectures at conferences from coast to coast. Mr. McLeish co-authored a book on personal support fund-raising, The Personal Support Raising Handbook, and is the author of The Donor Bond, published by the Fund Raising Institute, and Successful Marketing Strategies for Nonprofit Organizations, published by Wiley & Sons. Barry and his wife live in Deerfield, WI.

McConkey/Johnston, International
P.O. Box 370
Woodland park, CO 80866-0370
719 / 687-3455 www.mcconkey-johnston.com