

MarketSmart's Strategic Guide to Marketing Major and Legacy Gifts in the Coronavirus Era

A Note...

Our computers have been on fire and our phones have been ringing off the hook, for days.

People are worried. Like you and me, they are anxiously watching the news. They are seeing the strain on the faces of their families and friends. They are feeling the burden of isolation. Their fears are mounting as more and more safeguards are being put into place. We know the situation looks bleak, however I am not writing to make you feel worse.

In fact, I'm writing to give you a pep talk!

I promise you that, by the time you are finished reading this, you will feel much better about the future. And if you don't, give me a call or email me — I'll include my number and email address at the end of this document.

But before I get to that, I would be remiss if I did not say that our thoughts are with each and every one of you in the nonprofit community. We know that when disaster strikes, you are the ones that get hit the hardest. Because you are the ones on the frontlines. You are the ones that pick up the pieces for communities that are broken and scared. You are the ones who run towards the danger when everyone else is running away.

So I want to say, on behalf of all of us at MarketSmart, ***thank you***. I know you are hurting right now, and I know these are probably some of the most stressful weeks of your career (perhaps, even your life). And we are so grateful that brave, wonderful, big-hearted people like you are out there powering the missions of nonprofits, especially in times of crisis.

Okay, now here comes the pep talk.

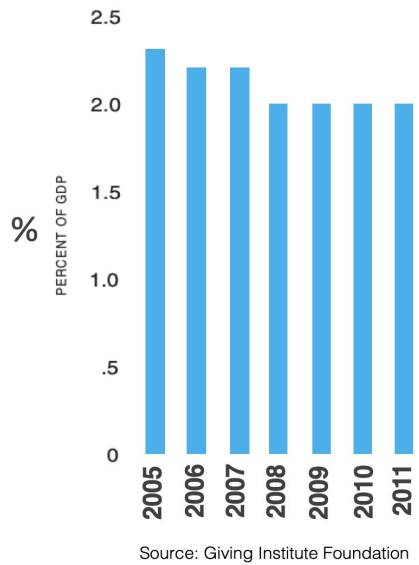
The Facts

We are going to get through this, and history proves it.

For many of us, this is not the first economic downturn we have seen in our careers. When we look at the Great Recession of 2008, giving declined only slightly.

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The Giving Institute Foundation found that total giving dropped by 7.0% in 2008 and by another 6.2% in 2009. However, as a percentage of GDP, giving fell minimally, dropping from 2.1% in 2008 to 2.0% in 2009, 2010, and 2011.



Furthermore, most larger organizations did not go out of business during the Great Recession. According to the Urban Institute, during the Great Recession (2008-2012), smaller organizations disappeared at a high rate but **organizations with revenues of \$1 million and above were no more likely to go out of business than during the period prior to the Great Recession (2004-2008).**

In fact, Steve MacLaughlin, author of *Data Driven Nonprofits* and VP of Product Management at Blackbaud, recently shared via *The Agitator* that when you look at a sample of large organizations in the United States during this period, you will see that existing donors were retained at similar levels well into the last recession. In other words, **despite a decline in new**

donors, loyal ones continued to give. However, the decline in donors might have occurred due to decreased investment in new donor acquisition.

Your donors are worried about YOU.

Just the other day, I was talking to staff at an organization in the arts and culture space that had to close their doors until further notice by government mandate. Their team is made up of rockstars, by the way, and they did not hesitate for a moment. They called every single person in their portfolios to ask if they would donate to fill the hole resulting from ticket refunds. The vast majority did.

Interestingly, after engaging with their organization’s supporters so intimately, the staff were pleasantly surprised to find that, despite facing many health and financial concerns, **their donors were:**

1. **Quite worried about them (the staff)**
2. **Thrilled to have been given an opportunity to make a difference**

No one wants to feel powerless. And all of us are sitting in our homes worrying about our loved ones, worrying about our future, worrying about all the people out there that are struggling, and we are mostly feeling powerless. Your donors feel the same way. They can’t personally go out and deliver meals, or care for the sick, or come up with the next medical breakthrough. **But you can! And, through you and your organization or institution, your donors can make it possible.**

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Your job is to give them a chance to feel empowered.

All around us we are seeing major donors stepping up to help nonprofits through these turbulent days:

- [Arthur Blank](#), a co-founder of Home Depot and owner of the Atlanta Falcons, announced he would be donating nearly \$5.4 million to COVID-19 relief efforts.
- [Bill and Melinda Gates](#) pledged to donate \$100 million through their foundation to fight the global pandemic.
- Dallas Cowboys tight end, [Blake Jarwin](#), recently agreed to a three-year extension worth up to \$24.25 million, a portion of which he has pledged to donate to Oklahoma State University to help workers impacted by the cancellation of spring sports.
- Nets' basketball player, [Kyle Irving](#), announced he would be donating \$323,000 to Feeding America to help those in marginalized communities in the NYC area put food on the table during these difficult times.
- More than [100 athletes](#) have donated memorabilia to the "Athletes For COVID-19 Relief" fund, which benefits the Center for Disaster Philanthropy's COVID-19 Response Fund.

The list goes on and on.

Clearly, the world needs nonprofits right now.

Nonprofits were created to heal the wrongs in our world and just about every single one has something to offer during these challenging times. If you are in healthcare or humanitarian aid, you already know this. For weeks, you've been caring for the sick flooding our hospitals and doctor's offices, feeding families whose primary provider was just laid off, and so much more.

But every one of you will play a part in the months to come:

Schools and universities will provide connection and a feeling of normalcy to this generation of young people as your staff and teachers continue to reach out to students who are now learning from home.

Faith-based organizations will bring peace to wounded souls, and provide aid to vulnerable members of our society.

Animal welfare groups will ensure that our furred, scaled, and feathered friends are cared for as their owners face financial difficulties.

Those that champion the arts will help us make sense of the tragedy, bringing beauty and comfort to communities that are broken and distressed.

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Historic preservation organizations will remind us of the hardships we've faced in the past and how adversity has only proven the resilience of the human spirit.

Conservation and environmental organizations will continue to advocate for the health of our planet, ensuring the wonder of nature is there to uplift and inspire us as we move forward.

I could go on. Your missions are diverse and nuanced, but every nonprofit will find its place to help.

Your donors need fundraisers now, too.

You have the power to make your donors feel good, if you remind them that they can be the heroes in this situation.

They'll feel good if you show them how they can find meaning in their lives during this desperate period of distress.

They'll feel good if you tell them stories about others, like them, who are stepping up to partner with your organization to make a difference.

They'll feel good if you engage with them, find out how they are feeling, and — if appropriate — offer them opportunities to provide support.

The Way Forward

1. Don't Panic

It's the first rule of crisis management. When we panic we make bad decisions. Many of us have been facing closures, lockdowns and other extreme measures around the pandemic for almost a month, and every organization is thinking about how they can cut nonessential costs. A lot of nonprofits are letting panic cloud their long-term thinking.

Let me say this loud and clear so everyone at the back of the room can hear me: **Your fundraising team is NOT a nonessential cost.** You need them out there engaging supporters, now more than ever. If you are cutting into their resources (or worse, their team) you are letting panic take over. Instead, invest in these folks, make them feel secure, and give them what they need to engage your supporters so they will provide the necessary funds that will bring you out of this stronger than ever. Your fundraisers are your direct line of communication to the heroic donors out there looking for ways to support you. Give them everything they need to do their jobs. Give them a pat on the back. And, give them encouragement. They deserve your support.

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Yet, if you are going to cut costs, do it with a scalpel — not a sledgehammer. With everything changing so rapidly, there is a lot of pressure to make decisions quickly, but I would encourage you to take a deep breath and think about what you are doing. Measure twice and cut once. Analyze how your decisions will affect your organization in the long-run.

2. Focus on the 80/20

In times of distress, people with capacity give! Remember that, according to the [Fundraising Report Card's Benchmarks](#), **major donors retain at much higher rates than low dollar donors**. In fact, as of this writing, the retention rate for new low-dollar donors (giving under \$100) is only around 23.4% while the rate for new major donors (giving over \$5,000) is just under 40%

FOCUS FIRST ON THE .57%

Under \$100 donors			Over \$5,000 donors		
Avg. Donation	Retention Rate	Lifetime value	Avg. Donation	Retention Rate	Lifetime value
\$25.41	23.4%	\$44.78	\$30,966.4	39.58%	\$76,562.11
79.86% of all donors give under \$100		Under \$100 donors make up just 7.68% of all donation revenues	0.57% of all donors give over \$5,000		Over \$5,000 donors make up 67.4% of all donation revenues

Plus according to the same [live benchmarks](#), 80% of donors giving under \$100 make up only about 7% of all the donation dollars while **just about .57% of donors (those who are giving over \$5,000) make up 67.4% (2/3) of all donation revenue**.

In other words, to fill big holes in your budget you need big donors to step up.

Now more than ever, you must focus your outreach on your loyal donors with capacity to give first. If you are having trouble deciding where to start, you might consider a [survey to generate major gift leads](#). Even for donors that you have close relationships with, a survey can help you gauge areas of interest and likelihood of giving prior to your direct outreach.

Start by sending a survey to your major donors and prospects. They will respond, I promise! We've been sending surveys to major donors for over a decade now. They do respond!

Be sure to determine your key areas of financial need and ask a likert scale question to gauge their likelihood to step up and help. Then, of course, those who respond positively should go on your list for direct outreach immediately.

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Also remember that 80% of your organization's planned gift revenue will most likely come from just 20% of your legacy gift donors — the people with wealth. When prioritizing outreach efforts to your legacy society members, don't forget to prioritize these people for standing with you during these troubled times.

3. Kill self-doubt

Some in your organization might be saying things like: "Our major donors' investment portfolios have been decimated. There's no way they'll give." I want to help you quash this negative train of thought right now.

First, while that might be true for some of them, you'll want to remember that many wealthy people didn't get there by being stupid. It's very likely that they planned for such an event by balancing their financial portfolios properly.

Second, how can you possibly assume what anyone will or won't do without first [engaging, surveying](#) or talking to them. Follow the steps for engaging supporters found later in this guide, and gauge their mindset while you are offering empathy and a listening ear.

Third, if you're going to assume anything, assume that they will give and were simply waiting for your outreach.

And lastly, **if you don't reach out to them, other fundraisers at competing organizations probably will!** So stop doubting, start calling.

4. Embrace technology to engage your biggest supporters

Did you have to cancel your big event or gala? Are in-person meetings off the table with travel restrictions and social distancing measures? We know that a lapse in engagement correlates to a lapse in giving, so it is important to start thinking about how you can keep your major supporters engaged when you can no longer rely on face-to-face interactions.

Digital communications hold the answer, and they can be implemented at scale to make you more efficient than ever.

Whether you are a digital newbie or a seasoned veteran, now is the time to broaden your horizons and [go big with technology](#) to cost-efficiently reach your most important donors on the fastest timeline possible, at scale, and in the most personalized and relevant ways. However, it's very unlikely that your digital team will know how to implement a strategy for major donors.

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Unfortunately, most internal teams focus on populist digital marketing aimed at the low-dollar masses, not aimed at the wealthy and super-wealthy who are likely to be considering making a transformational impact for your organization. Most of your team's experience will be around gaining quick conversions for low-dollar, transactional gifts.

Those tactics won't work for major gifts. So as you implement a digital strategy for engaging your major donors, keep these tips in mind:

- **Give first.** Ask for money, you'll get advice. Ask for advice, you'll get money. The longer I've been in the nonprofit space, the more I see this adage hold true. Make sure that, when you reach out to donors digitally, you are giving to *them* first.

Give them the opportunity to share their insights and opinions. Give them the opportunity to share their story and connection to your organization. Give them the opportunity to access special reports and information. Give them invites to virtual events. Give them the VIP, insider scoop on what's going on. Think about what you can offer that will spark joy for that donor based on their interests and lead with that. Especially think about what your donors need right now and how it dovetails with what you do. Some great examples I've seen are:

- Conservation groups streaming live wildlife cams that soothe nerves with the peace of nature.
 - Operas airing past performances for free online at set times to help those on lockdown stay occupied and feel connected to their community.
 - Museums offering "boredom busters" like coloring books for antsy grandkids.
 - Healthcare providers giving reassuring updates as to how their teams are tackling the pandemic head-on.
- **Ask donors where they are in their consideration process for supporting your cause.** Don't be afraid to gently ask supporters if they would consider supporting your organization now and in the future. The trick is to do it by asking how likely it is that they would consider supporting one opportunity versus another and when they would be likely to make a decision. More on that in #5 (Engage and offer, don't ask).
 - **Audit your current digital efforts.** Don't let your digital team use email to send crass, solicitous messages to major donor prospects begging for relatively low dollar amounts. Instead, focus on setting appointments with philanthropic-minded people over the next week or two. The goal is to have meaningful conversations with the few (.57%) who can make up your

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organization's massive budget shortages, not to gain many, low-dollar transactions instantly.

- **Go virtual for events.** There are so many creative ways to bring people together online nowadays. Host a webinar with subject matter experts from around your organization reporting on your efforts and the impact of donors. Offer virtual tours to help donors visualize urgent needs. Host a silent auction online to make up for the one you typically hold at your annual gala. Get a few key donors together for a video conference call with your leadership to hear their feedback and share more about your efforts on their behalf. Ask major donors to invite their friends to attend. Trust me, major donors love these kinds of engagements. Don't leave them out!
- **Try video calling.** I think I heard a collective groan. Yes, I know that not everyone is comfortable in front of a camera, but there is no avoiding the shift towards video calls and they are the closest you will get to an in-person meeting in this time of social-distancing. We've heard from several fundraisers worried about how an older audience will respond to the offer of a video call. To be honest, most of them probably Facetime with their grandkids every weekend. Don't assume that the technology will be unfamiliar to them. If they express uncertainty, offer to walk them through the process by phone — they will probably be surprised by how easy it is! Many MarketSmart employees work with customers remotely, and have embraced video calls, especially at this time. Their feedback? Overwhelmingly positive. The people they talk to are more relaxed, their conversations are warmer and more meaningful, and they gain new insights into who our customers are as people. I promise that you will experience the same with your donors. So don't be afraid to ask. The worst they can say is "no," and then you can set up a phone call instead.

5. Engage and offer, don't ask

We've been hearing from a lot of organizations over the past few weeks, and many are putting a total hold on communications to their donors. I would encourage you to do the exact opposite.

Donors are getting bombarded with information and opinions from the media, the government, their friends, their family, social media — you name it! They need clarity from you, the boots on the ground. They want to hear about the real tangible needs of their community and our country. In a recent article for The Chronicle of Philanthropy, Nicholas Tedesco, who leads the National Center for Family Philanthropy said, "We're certainly hearing from wealthy donors and families who are feeling compelled to address this crisis, but there's a lot of uncertainty of how to do that."

There you have it! And the National Center for Family Philanthropy is not the only organization hearing this. In many cases, nonprofits are telling us that donors are calling *them*. So I ask you, do you have a compelling case for support? Do you have new and urgent needs right now? Are you facing shortfalls? Are you at risk of closing your doors permanently or laying off your staff?

Offer your donors opportunities to help. There are very few times in your major donors' lives when they are given the opportunity to be truly heroic. Don't deny them that opportunity by stopping the flow of communication. They want to assist you right now, so let them know how they can be the hero you need. Of course, you must be sensitive to the current climate, so I would encourage you to take the following approach that involves gently offering instead of harshly soliciting.

Step 1: Get your head straight. Remember, your mindset before engaging is absolutely crucial. You are not a begger, a manipulator, or an arm twister. You are, instead, a great person — you are a loving, caring, helpful, generous, joyful value-creator and facilitator. Your role is to help your donors be the heroes in this crisis situation, and to assist them on their journey towards self-actualization.

Step 2: Offer empathy. First and foremost when you call donors ask how they are doing. Show that you genuinely care about *them* and their loved ones. Try to establish a human connection. Use your [MarketSmart dashboard](#) to see how they previously answered survey questions and where they've been clicking online. Then personalize your communication, so it's highly relevant (without being creepy — in other words, don't mention that you can see their online activities).

Step 3: Offer an opportunity for them to express their feelings. Once you have shown empathy, *listen* to their concerns. With the current fears around health, isolation, and the economic downturn there may be some things they want to get off their chests. The most important thing you can do is listen and gauge their mindset at this time. As I noted earlier, don't be surprised if the well-being of your organization — their beloved nonprofit — is top of mind for them. Make sure that if they have supported your organization in the past, you thank them for that support. Especially for your major donors, frame your conversation around thankfulness for their past contributions which have made your organization more sustainable and better equipped to handle a situation like this.

Step 4: Offer information. Before reaching out to supporters, first ask yourself the following questions:

- What is your organization doing to address the pandemic or problems caused by the pandemic?
- What are your organization's urgent needs?
- How are you trying to meet those needs?

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- What will happen if these needs are not met?
- What financial resources are needed to meet these needs?

Depending on the nature of your mission, you might want to tell them the answers to the questions above. And, if you sense that the time is right, you may want to mention the resources your organization needs. Every single vertical in the nonprofit space is feeling the affects of this crisis. Don't underestimate your donors' fondness for your organization or institution.

Step 5: Offer a menu. If you haven't already done it, I strongly recommend you develop a menu of giving options for your donors to consider. If you don't have one, I think you should quickly collaborate with some major donors to create one. Then, I bet they'll end up giving to support one of the items you place on it together.

Next, as the opportunity arises during each conversation you have with your donors (or at the end of your meeting or call), ask them:

"[Supporter name], we worked with some passionate supporters like you to develop an impact menu so to make it easy for you to consider ways you might want to help. Would you be interested in seeing that?"

Then, send it to them via email while they are on the phone — not after you hang up! Wait for them to open up your file and let them take a look at it.

IMPORTANT: Keep quiet while they're reviewing it! If they are silent, it's likely that they are reading and thinking. If you speak you'll ruin your chances for a gift for sure. So keep your mouth shut. Wait for them to utter the next words. There's a good chance they'll simply select a giving option so they can be a hero. Let them do that! Don't interrupt their consideration process because you can't stand the silence.

The zoo

First and foremost, we want our beloved community to know that we are open for business. In the face of this crisis, we closed our doors to the public from March 16th through April 15th. We are now open for business, but we have many needs. Since then, we have been implementing our emergency response plan, and we need your help to continue our work. Through the time of these and isolation by people, we have many needs for our animals and staff. We need your help to continue our work.

Our urgent needs - \$500,000 per week to feed the animals.

Each week, we spend on the average \$500,000 to feed our animals. If we don't have that money, we can't feed our animals. We need your help to continue our work.

How you can help

Food for survival Legal necessary needs for our animals, including food, water, and shelter. This is a very important need.	Care for survival Legal necessary needs for our animals, including food, water, and shelter. This is a very important need.	Utilities for survival Utilities for our animals, including electricity, water, and gas. This is a very important need.
\$1 million	\$50,000	\$25,000

Thank you!!!

Here's a make believe zoo's menu:

[Click here to enlarge](#)

Notice that after a clear and compelling case for support was made, the donor was offered a menu of giving opportunities, along with specifics regarding exactly how their money would be used.

Put names to the need. Stories are the single best way to convey information and emotion. Be sure to tie real stories to the statistics. The human brain is not wired to retain facts for

very long. In a [study at the Stanford School of Business](#), students were asked to craft 1-minute long pitches and present them to their class. Only 1 in 10 used stories to convey their key message and most relied on more traditional pitch strategy, citing

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facts and figures. When asked to write down everything they remembered from each pitch, 5% of the audience cited a statistic, but 63% remembered a story. The science behind this is clear: The brain is made to retain stories. In fact, our capacity to absorb stories is so remarkable that when we read a particularly engaging story our brain experiences it the same way it would if we were actually living through the events transcribed ourselves. So, be sure to make use of this very powerful tool as you build your case.

Bottom line: Ask for permission to offer them information on a few urgent areas of need for their review. Doing so will give them the opportunity to take control of a situation that is very chaotic and unpredictable by supporting your cause.

Step 6: Offer reassurance. It's human nature — no one wants to feel like they are supporting a lost cause. Don't be shy about outlining your challenges at this time, but assure donors that you have a plan in place and that your whole organization is committed to seeing it through.

Be sure to tell them about other donors that have stepped in to help and any creative fundraising tactics you are using to maximize the impact of giving (think matching gift challenges). Also, tell them about contingency plans that are in place to make up for any shortfalls in anticipated revenue. These may include cutting back on any nonessential programs, tapping into an endowment, applying for grants, or revisiting the budget. Also highlight the resiliency of your organization and its proven history of navigating other crises (with the help of outstanding donors).

6. After they give, ask again

Yep! You CAN do that, but ONLY if you've reported back to them about what you did with the money in a way that made them feel awesome, like a hero. Donors feel good when they find meaning in their lives. Giving helps them do just that. So, if you report to them, they'll feel great... and will likely want to do it again. Seriously!

7. Keep talking about legacy... in the right way

What is the primary reason nonprofits invest in a legacy giving program? Sustainability. Legacy gifts ensure that nonprofits have a reliable stream of income long into the future. They bolster the organization financially, often building endowment and fueling operational expenses so that when disaster strikes you can weather the storm.

Well, we are living through a disaster. **Go thank your legacy donors.**

Pick up the phone and call your legacy society members. Write a letter to the family of a donor whose gift has been realized. Get your CEO on Facebook Live and have her

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speaking to the power of legacy gifts and the impact they are making for your organization right now.

Most of the questions we have been fielding have been from the legacy giving community, asking how they can talk about legacy giving when death feels so imminent for many donors. The reality is, if all you have to offer your donors right now is legal documents and conversations about death, you are not taking the right approach — even under the best of circumstances. Your number one priority should be to engage people about the real impact of legacy giving, which is playing out in sharp relief all around us. Take advantage of it and thank the people who have made that commitment to supporting the organization through future crises.

Here's what you should be saying...

- 1,500 animals are being fed right now, because of legacy donors.
- Kayla and Sophie didn't go to bed hungry today, because of legacy donors.
- Our performers, like Tamara and Stephan, are employed right now, because of legacy donors.
- We were able to make up for the shortfall in medical supplies, because of legacy donors.
- We saved someone's life today because of legacy donors.

Your supporters need to answer the 'why' before they consider 'how.' So tell them and show them why they should consider a legacy gift that benefits your organization or institution first. Then when they take action they'll be much more likely to include your cause in their plans.

Interestingly, if you use GoogleTrends to conduct an analysis of Google search terms such as "how to make a will" and "making a will," searches for those terms are at an all-time high right now (March 30, 2020).



When faced with significant life events (like the one we are all experiencing right now), estate planning often becomes a priority for many. However, this is not the right time for a terse legacy giving appeal. Instead, it is a time for you to:

- Report on impact

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- Thank your donors profusely (especially your legacy society members)
- Offer opportunities for your supporters to engage with you and your mission (including taking a survey)
- You might also offer estate planning information but only for people who are actively considering such a gift

In Closing...

I hope you are feeling a bit more optimistic about the future (I know I am!). I have lived through several of these “black swan” events before including the dotcom bubble, 9/11, and the Great Recession.

And, one thing is for certain: Nonprofits are resilient. You take on some of the world’s toughest challenges every day, and you do it fearlessly. If you are agile, open-minded, and focus on helping the donor be a hero at every turn, you will get through this and you will come back stronger than ever.



Greg Warner
Founder and CEO



market  smart

If you still have questions or concerns you can reach me at info@imarketsmart.com or 301.289.3670 X174.

Be well.