

Give & Take

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Beyond Target Marketing, What's Next?

by Robert F. Sharpe, Jr.

How can you achieve a balanced marketing approach in a target marketing environment?

Recently the subject of target marketing has become a more popular topic in planned giving circles. In past years, it was common to start with the assumption that you “could never tell” who would make a planned gift, so it was wise to disseminate gift planning information as broadly as possible. This approach worked well for many institutions, especially those with relatively small, homogeneous constituencies.

Lately, however, more targeted approaches have become increasingly attractive for those responsible for planned gift development. There are a number of interrelated reasons behind this phenomenon:

- Rising costs of postage, printing, travel, and other associated expenses have made it more important than ever that budgets be focused where results could be obtained most economically and in the shortest period of time. This is especially true in higher education where larger class sizes in the late 1940s and early 1950s are now predictably increasing the numbers of persons who are selected using more broadbased marketing approaches.

- As organizations and institutions are now attempting to expand their base of younger donors, many feel it is important to avoid overwhelming these donors with information about bequests and other planned gifts that may not be appropriate in early stages of donor relationships.

- Increasing numbers of capital campaigns and major gift development efforts have made it desirable in some cases that

information on deferred gifts not be broadly disseminated to those who may be considering major current gift commitments.

- Computer technology has made it more economical to store and access the large amounts of information needed to build models that make efficient targeting possible.

- New services have made information regarding age and wealth broadly available that in the past could only be obtained by those with extensive research capabilities.

Now that it is more common for planned gift development programs to focus their efforts on particular segments of their constituency, some are asking if it is possible to have too much of a good thing where target marketing is concerned. We believe it *is* possible to go too far with target marketing efforts in some cases—but that it is possible to achieve a balanced approach with a minimum of additional effort.

Here are some suggestions of ways you may wish to adapt your program for maximum results.

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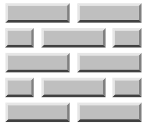
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It's not too late to obtain advanced training this year. Join us for "Major Gift Planning II" in Washington, D.C. on December 3-4.

In the News . . .

News and notes
of interest to
gift planners.



Give & Take

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Large gifts to charities abound

A number of significant gifts to charitable organizations and institutions have recently been completed. This trend in larger gifts is being set primarily by individual donors. The following list summarizes a number of these large gifts and the people who made them:

1. \$80 million to the Salvation Army of San Diego—Given by Joan Kroc, wife of the late McDonald's founder Ray Kroc.
2. \$25 million to the Lincoln Center for the Performing Arts—Given by Julian Robertson, Jr., a new board member of the Center and chairman and CEO of the multi-billion dollar Tiger Management Investment Fund.
3. \$20 million to Duke University—Given by Microsoft founder Bill Gates and his wife Melinda French Gates.
4. \$20 million to the University of Southern California's School of Education—Given by teachers Barbara and Roger Rossier, who say they "worked hard and invested well."
5. \$18 million to the California Institute of Technology—Given by Eli Broad, chairman, president, and CEO of SunAmerica Corporation.
6. \$14.4 million to Orange County, California, public schools—Given by the


Arnold and Mabel Beckman Foundation, earmarked for scientific research.

Sources: *Philanthropy Journal Alert*, September 16 and 18, 1998, and *The Commercial Appeal*, Memphis, TN, September 24, 1998

The bigger they were, the harder they fell

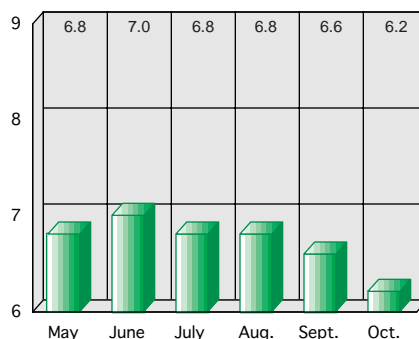
When the stock market dropped this July, many of the richest Americans dropped, too—dropped off *Forbes* magazine's list of the wealthiest 400 people in the U.S.

While Microsoft chief Bill Gates saw his fifth year at the top of the list (with \$58.4 billion) and investment guru Warren Buffett made second place (\$29.4 billion), many of the megarich who once shared the list with them were not there this year. *Forbes* said that although their list contains a record 189 billionaires, there would have been 29 more billionaires on the list had the stock market remained steady.

Those who didn't make the list this year include Charles Wang, chairman of Computer Associates (\$975 million), Roy Disney, Walt Disney vice chairman (\$900 million), and David Filo (\$840 million) and Jerry Yang (\$830 million), co-founders of the Yahoo! Web site. 


Source: *The Commercial Appeal*, Memphis, TN, September 28, 1998

Discount Rates



The trend in applicable federal mid-term rates (AFMRs), which are used in calculating the benefits of split-interest gifts.

AFMR—How low can it go?

The applicable federal mid-term rate used in calculating certain charitable gifts dropped to 6.2% in October. This is the lowest AFMR since the floating rates took effect in 1989. We began commenting on this AFMR rate earlier in the year. For more information, see Barlow Mann's article "What to Do When the Federal Mid-Term Rate is Falling" from the April 1998 issue of *Give & Take* for more discussion on what the falling AFMR may mean to gift planners. This article is posted on our web site at www.rfsco.com. 

Creative Ways to Integrate Current and Future Gift Marketing

Your development efforts don't have to become a battle between encouraging gifts today versus those that will be completed over time. With a little ingenuity, the two concepts can be successfully communicated at the same time. Here are the pros and cons of several ideas for marketing seemingly conflicting gift options in a cooperative, rather than competing, fashion:

Use planned giving inserts in gift receipts and donor acknowledgments.

PRO Planned giving message reaches all active donors at a time when they have just made a decision to support your organization or institution. As this communication is part of a "thank you" rather than an "ask," it offers an excellent opportunity to be of service in suggesting ways to make gifts that feature additional benefits for the donor and the charitable recipient.

CON Reaches some donors who may not be the most likely to make or be capable of making planned gifts and does not reach those who may have recently lapsed and be at the very point in life when they are making plans for bequests and other gifts from their estates.

Publish planned giving ads and articles in other organizational publications.

PRO A cost-effective way to educate constituents on planned giving opportunities.

CON With the limited space and the broad audience of many organizational magazines and program newsletters, the planned giving ad or article will need to be very general and, therefore, may not be able to focus on some of the more specialized planned gift vehicles available. The natural audience for bequests, charitable gift annuities, and other gifts may be relatively narrow. Where it is necessary to use dollar figures in examples, it is also a challenge not to "overshoot" or "undershoot" your market with examples that are too large or too small for many readers.

Present planned giving materials at board meetings and special events.

PRO You have a captive and generally highly motivated audience who are interested in your organization and ways they can help it.

CON Your audience members may be younger or may be considering current gifts and, therefore, may not be at the right point in their lives or may be distracted from plans for gifts that would otherwise be received in the near term—so stay low-key.


Add planned gift tag lines to your stationery.

PRO Including a phrase such as "Consider including _____ in your will or trust" on your letterhead and other appropriate communications pieces reminds donors that planned gifts are appreciated by your organization.

CON The phrase may not fit in with your current stationery design or it may have to be printed in a very small type, which would make it less effective for older readers.

In current gift solicitations, use wallet flap envelopes that include check-off requests for planned giving information.

PRO Repeats planned giving message in a format that should not compete with solicitation of current gifts. The reader will typically not encounter the message in this format until after the decision to make a current gift has been made.

CON Some may believe that any such appeal will conflict with the primary current gift appeal. Wallet flap envelopes can be more costly than regular return envelopes and the response rate may be generally low. 

Communicating planned giving concepts need not conflict with current gift marketing.

What's Next? . . . *Continued from page 1*

Avoid false conclusions from wealth and gift amounts

As veterans of planned giving all know, it can be a major mistake to target most planned gift information based to any great extent on the amount of a donor's current gifts or on information regarding the donor's wealth level. Wealth, income, and giving levels are often helpful in planning for a capital campaign or ongoing major gift development efforts. Bequests, gift annuities, charitable remainder trusts, and many other planned gifts are, on the other hand, frequently received from persons whose current gift level is modest indeed. And often the "millionaire next door" will be missed by wealth rating criteria that are based on prevailing community wealth levels, purchasing habits, peer screenings, and other subjective factors.

There are much better criteria for use in targeting planned gift information, chief among which are the frequency and longevity of a donor's gifts. These factors, along with age, are among the most reliable predictors of a person's propensity to make many types of planned gifts.

Recognize limits of age information

Age information can be critical in the process of target marketing many types of planned gifts. The first time age information is obtained however, the temptation may be to focus gift annuity, bequest, and other information *only* on those persons known to fall within a particular age range. This can be a mistake if taken too far. Here's why. The age information that is available in the marketplace comes for the most part from public records, principally driver's license data. Many of the oldest persons on your donor file will have let their driver's licenses lapse and their age may thus no longer be available from overlay services. In testing, we have found that the average respondent to gift annuity marketing efforts from the longest term donors drawn from the "age unknown" segment of

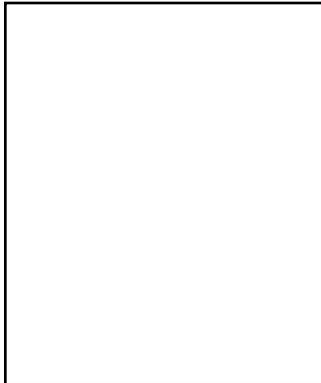
a file will be older than persons from a group known to be over the age of 70.

For the reasons mentioned above, it is a good idea to expand targets in many cases, especially where a donor base is known to contain a high percentage of seniors. Consider including, for example, active donors from the "age unknown" file who have been on the file the longest period of time. If budget requires, this is important enough to "make room" for such persons by dropping a lower priority segment from among those whose ages are known.

Use inserts to fill gaps in mail strategies

Essential components of many planned gift marketing efforts are periodic mailings targeted to relatively small groups within the overall donor constituency. The advantage of this approach is to focus effort where it is most likely to result in the desired gift outcome and least likely to compete with other funding efforts. An example might be a gift annuity mailing to long-term donors known to be over the age of 70. There are some disadvantages to this strategy, however. The narrower the target, the more likely that persons who would qualify but for the lack of age information, for example, will be missed. Criteria that require long time periods on file may miss a very highly motivated person who has only given once or a person with a long prior history of gifts who lapsed for a period of time before being reacquired as a donor.

A solution to these challenges can be to use inserts in gift acknowledgments and thank-you letters that feature helpful information on planned gifts. This approach is a low-key, inexpensive way to make sure all current donors are receiving information at a time when they have just made a gift and may be most receptive to this type of message. This can be more effective and economical than inserting planned gift information in all current gift appeals.



Robert F. Sharpe, Jr., is president of the Sharpe company. He advises a number of the nation's leading nonprofits in the design and implementation of their gift planning initiatives.

Acknowledgment programs—from two gift planners' perspectives

Acknowledging gifts is crucial element of any gift planning program, no matter what the type of nonprofit organization or institution. To find out more about how different charitable organizations thank their donors, *Give & Take* spoke with Tom Cullinan, executive director of gift planning for the University System of Maryland, and Donald Ragona, director of planned giving for the Native American Rights Fund. While their missions may be different, they have similar thoughts on why acknowledging donors for their gifts is an essential component of the fund-raising process.

Give & Take: There have been many articles in *Give & Take* about the importance of thanking donors for their gifts. Why do you think acknowledging donors' gifts is so important to your organization?

Cullinan: There are really two aspects to acknowledging donors' gifts. One is related to the business of what we're doing—documenting our receipt of the gift—and the other is our expression of appreciation for the donor's generosity. The documentation aspect is also useful to the donor, who may wish to claim an income tax charitable deduction, and it is useful to us because it confirms our receipt of the gifts and becomes a written record evidencing the donation. Beyond that mechanical function, the acknowledgment goes directly to the relationship we wish to extend with our donors. We seek continuing involvement, ongoing positive contacts, and the opportunity to earn donors' commitments for subsequent gifts.

Ragona: Gifts to a nonprofit organization are our lifeblood. Without them, we don't exist. Stewardship, regardless of the type of nonprofit, has to be the watchword. You've got to let individuals know how important they really are, regardless of the size of the gift, from the \$1 gift right on up to the \$1 million endowment gift. People like to be thanked, some privately and some publicly.

If you don't thank the donor, your job is only half done. To just drop the ball after receiving the gift, I think you are doing a disservice not only to the donor but also to your organization. Ideally you want to keep that relationship going, build it to the point that a donor becomes so genuinely close to you that it is a natural thing to put you in his or her will or trust or remember you in some other significant way.

Give & Take: Explain your organization's system for acknowledging gifts and thanking donors. Is there a difference in the way you acknowledge major donors and planned givers?

Cullinan: As gift planning officers we write personal letters and notes to the donors, we speak with donors by telephone, and we often write or call the advisors who were involved in helping us get a gift commitment. Donors also receive letters from the development officer of the particular college the gift will benefit, as well as the dean, the vice president for university advancement, and the president of the university. We try not to make planned givers feel different from other donors. What we try to do, since we are in a campaign environment, is credit and recognize donors of deferred gifts just as we do donors of current gifts. We encourage people to participate in the campaign the best way they can. We want to be inclusive rather than exclusive.

Ragona: All of our programs are named for traditions or special positions in Native American culture. For our major gift program, we have the Peta Uha Society. While all of our donors are respected, these people are held in very high esteem by the Native American Rights Fund. Peta Uha means "fire keeper" and, among the Lakota, this individual was a very honored tribal member who made a solemn commitment to ensure that as the tribe traveled, the sacred flame, a source of life

Part I of our discussion with two development professionals about thanking donors.

Footnotes for Gift Planners

News and ideas about Robert F. Sharpe and Company's services and publications. For more information, join us on the Web at www.rfSCO.com.

New brochure says "thanks" to donors

In the world of fund development, a great deal of time is spent encouraging gifts from those among our constituency. But what about thanking and otherwise acknowledging those who have already made gifts? The acknowledgment process is important and when done in a timely and sensitive manner, it can make a lasting impression on your donors. Could you be doing a better job thanking your donors and, at the same time, further build relationships that could lead to additional current and deferred gifts in the future?


Robert F. Sharpe and Company has helped answer this question with a new brochure entitled "Thanks for Giving." This brochure is professionally written and designed to thank your donors for their current gifts and remind them of the financial benefits to which they are entitled as charitable givers. "Thanks for Giving" also mentions in a low-key way a number of other giving opportunities that donors may want to consider. There are four different cover designs from which to choose (please see page 8 and the samples enclosed in this

issue of *Give & Take*), or you may choose to customize the piece with your own cover design and text. A perforated panel features a personalized response device for your donors to request more information on topics of interest to them.

Use "Thanks for Giving" as an insert in your gift acknowledgment letters or gift receipts you send as gifts are made, or consider an early January mailing to all 1998 donors. "Thanks for Giving" is a cost-effective way to assure your donors have the information they need concerning their current gifts in a way that also delivers a planned giving message that may be missed by other target marketing initiatives. See pages 1 and 3 for more information about supplementing planned giving target marketing efforts.

The way an organization acknowledges its' donors is a critical piece of the overall development "puzzle." It has been shown time and again that if you serve your donors well, they will respond with additional gifts over time. For more information about the new "Thanks for Giving" brochures or to place your order, please call 1-800-238-3253.

Acknowledgment Programs . . . *Continued from page 5*

and energy, would always be kept burning. We have two tiers to the Peta Uha Society. The Silver Feather level involves a minimum annual gift of \$500, and these donors receive a beautiful certificate designed by a well-known Native American artist which is signed by our executive director and board chairman. Thirty days after the certificate is sent the donors receive a silver feather lapel pin. The same items are also given to our Gold Feather members who make annual gifts of \$1,000 or more, but their pin is made of gold. I also try to visit donors, shake their hands, and personally thank them for their help. For those people who can't afford to give at higher dollar levels today, but decide to include NARF in a deferred gift such as making us beneficiary of a life insurance policy or leaving us in their will, we have the Circle of Life Program. Circle of Life donors receive a certificate and a wheel decorated with porcupine quills depicting a cross within a circle, containing the four sacred colors-red, black, yellow, and white. This wheel symbolizes the never-ending circle of life that is universally important in Indian culture. 

See next month's issue of Give & Take for Part II of this discussion in which Mr. Cullinan and Mr. Ragona share more insights about acknowledging donors.

Training Update

Major Gift Planning I - Options and Opportunities

In two concentrated, information-packed days, presenters Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., discuss the most important facts gift planners need to know to successfully guide their organizations into the 21st century. By linking their knowledge and over 40 years of combined experience, Sharpe and Tidd lead participants through a comprehensive training experience.

Make sure you are prepared to meet your donors' needs in the future by attending this popular seminar. Registration is always limited to allow for more interaction between participants and instructors.


Major Gift Planning II

For the more experienced gift planner there is "Major Gift Planning II," which focuses on applying various planning tools to help donors meet multiple goals while

making significant gifts. A working knowledge of various gift planning vehicles is assumed. Special emphasis is placed on the impact of recent tax legislation.

Instructors Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., pay particular attention to the practical challenges facing today's fund gatherers.

Planned Giving When That's Not All You Do

If you're responsible for more than planned giving, this one-day seminar will help you focus your efforts. "Planned Giving When That's Not All You Do" is designed to broaden the knowledge of gift planning throughout your organization, from your CEO or president to the support staff who may be first on the phone with donors. Your co-workers will become some of your best planned giving advocates once they understand its benefits for your donors and your institution. 

Multiple registration discounts are available. For more information or to register, please contact the Sharpe company. Phone 1-800-238-3253, ext. 360; Fax (901) 761-4268; Web site www.rfsco.com; E-mail seminars@rfsco.com

Seminar Training Dates

Major Gift Planning I

Kansas City
November 9-10

New Orleans
February 18-19, 1999

New York
March 22-23

Chicago
April 8-9

Major Gift Planning II

Washington, D.C.
December 3-4

Phoenix
May 10-11, 1999

Tampa
June 11-12

Planned Giving When That's Not All You Do

Los Angeles
March 29, 1999

Chicago
June 30

What's Next? . . . *Continued from page 4*

A disadvantage to relying exclusively on an acknowledgment insert strategy is that donors who are reducing the number and frequency of their gifts in later years or who are recently lapsed will receive little or no information via this channel at the very time they may be making their final estate plans!

Take advantage of gatherings

Recognition banquets, reunion gatherings, religious services, athletic events, and other gatherings where large numbers of donors may congregate offer additional opportunities to disseminate information on gift planning in a favorable, non-threatening

environment. This can be achieved via printed handouts, audiovisual presentations, or brief mentions of gift planning options as part of a broader presentation that primarily focuses on other material.

Conclusion

Target marketing programs will continue to be a primary means of communicating gift planning opportunities. The most successful programs in the future, however, will recognize the inherent limitations of targeted efforts and take steps to fill in the gaps with other time-tested, economical strategies to achieve maximum results. 