

## Solicitation Strategies

Your Case for Support should provide all the information you need to prepare a solicitation regardless of the method being used to raise the money or the type of prospect.

### Grantsmanship

Asks to granting foundations are almost always in a proposal format. Some require only a one-page letter, while other foundations provide a template requiring information on the history of the organization, programs, financial results, goals and objectives, successes, and volunteers and staff. It is important to determine what the requirements are before submitting a proposal.

Imagine Canada publishes an annual Canadian Directory to Foundations and Grants, which is available online and in hard copy. The online version is a searchable database that will help identify the best matches and opportunities for your organization.

BIG Online is a subscription-style website database featuring 67,000 available Canadian funding sources including foundations, corporations and government representing billions of dollars in annual funding. It also has a companion web database with extensive information on fundraising opportunities in the U.S.

Other websites are listed in the Bibliography and Resource document in the Appendix A.

### Legacy Gifts (Planned Gifts)

Planned giving simply means planning now for a legacy gift that a charity will receive sometime in the future. A donor makes a commitment to make a future gift through their will, life insurance policy or a range of other gift options, often with excellent tax advantages. It is important to keep in mind that a legacy gifts program is a long-term investment. It may take years to see a return on your investment and this is a challenge for organizations that need to meet current needs.

#### Why planned gifts?

- Planned gifts programs are the fastest growing source of revenue for Canadian charities
- Canadians are living longer and our population is aging
- Generation over 50 years of age own or control more than 75% of all personal wealth in Canada
- According to Statistics Canada, the number of people aged 65 and older will increase from 4 million to 6 million by 2016
- The number of people aged 80 and older will increase from about 1 million to 2.5 million
- 3.5 million Canadians are expected to die between 1990 and 2010 leaving an estimated \$1 trillion to their heirs (mainly baby boomers) and community
- Collectively baby boomers will receive between 8 million and 10 million bequests
- Four in 10 Canadians will inherit money with some expecting \$500,000 or more
- Many will inherit land
- 80% of all planned gifts received are through bequests
- 46% of Canadians do not have a will
- 34% of Canadians have or would make a bequest to charity if asked (Decima research)
- 62% of Canadians contribute to charities during their lifetime; only about 7% continue support through their will or estate plan
- Bequests are ideal to help grow an endowment fund.

One of the key strategies in establishing a successful planned giving program is to build relationships with professionals such as estate lawyers, accountants, financial planners and insurance specialists. These professionals are advising people on estate planning.

Success factors for a planned giving program include:

- Well established organization with a secured future
- Significant proportion of your donors 50 years old or older
- Several hundred donors given \$100 or more in a single year
- Organization has ability to make an investment for a future return
- Board committed to a planned giving program.

Some ideas to get started:

- Prepare a brochure for prospects and professionals outlining elements of your case for support and types of gifts your organization will accept, i.e. bequests, insurance, etc.
- Add professionals to your newsletter and annual report mailing list to keep them informed
- Organize an information session for professionals
- Invite professionals on a tour of sites
- Prepare materials for your website specifically for professionals to “pull” when they need information
- Establish a planned gifts committee including professionals to develop and implement a strategy
- Identify the professionals already involved with your organization and ask them to help get the message out to their colleagues

Refer to the Appendix J for more information on types of legacy (planned) gifts.

## **Mailers**

There are two types of mailers: addressed and unaddressed. Addressed or direct mailers usually go to people already in the organization’s database, while unaddressed or mass mailers are delivered by postal code drop to homes or cottages in a specific geographic area of interest to the organization. There is also a hybrid of addressed mass mailers, when an organization purchases a mailing list for a certain area.

### **Mass Mailers**

Mass, unaddressed mailers are an effective way to acquire new donors. The idea is to distribute the mailer to the largest area possible to provide information and to attract new supporters. When writing to people who have never given money to your organization before, response rates of 1 percent to 2 percent are considered good. This type of solicitation takes significant investment since mass mailers can sometimes cost as much as \$1.25 to \$1.50 to raise \$1.00. The idea of mass mailers is to attract new donors, who will continue to give over time, making it a worthwhile investment for some organizations. Some land trusts have had success distributing mass mailers to seasonal cottagers, who would otherwise be almost impossible to reach. The mailer may combine membership recruitment with seeking donations.

### **Direct Mailers**

Direct mailers allow an organization to renew donations and upgrade existing donors to give more money. There is the opportunity to provide an update about how donations have made a positive difference while asking for another gift. Experts in direct mail suggest that organizations should send at least two, and as many as four, mailers annually.

## **Mailer Package**

There is a proven formula for the mailer package; however, there are some differences of opinion regarding what works best. Some experts insist that the longer the letter the better, while others put limits of one or two pages. The best advice is to use as much space as it takes to say everything you need to say, including asking for financial support.

Mailer packages are usually comprised of five items that have a common appearance and theme:

- Outside Envelope – addressed or unaddressed
- Letter – commonly two pages long with a postscript (PS) with some important additional information
- Brochure – contains same basic information as the letter in a different format with photographs
- Pledge form – suggests possible gift amounts
- Business reply envelope – with or without postage paid.

## **Major Gifts (face-to-face solicitations)**

Major gifts usually comprise about 10 percent to 20 percent of the gifts received by an organization producing about 70 percent to 80 percent of its income. Major gifts are from corporations, businesses and individuals. For an individual, a major gift is generally defined as a gift 10 times the amount of the largest gift that person has ever given, i.e. a \$5,000 donation based on past gifts of \$500 annually. This 'stretch' gift may be a one-time gift or a pledge over a few years as part of a special campaign. Really large gifts may not re-occur; they are likely a once in a lifetime donation. There is sometimes a blurring between individuals and businesses, since one individual may own the business. It should be left up to the business owner whether he or she would prefer to make the gift from personal or business assets; however, it is important to share the tax benefits for individual donors.

According to fundraising consultant, Douglas Lawson, a typical major gift donor is:

- Usually 55+
- More are women as age increases because they tend to live longer than men
- Conservative
- Single, married or widowed from the first person they married
- Religious
- Patriotic
- Entrepreneurs, risk takers
- Has a long-term relationship with your organization.

Face-to-face solicitation with peers asking peers is the most successful and efficient way to raise money. It usually costs about 10 cents to 15 cents to raise \$1.00. Major gift calls also offer excellent opportunities to listen to your donors, share information about your organization and build long-lasting relationships. When people are asked why they have never given to an organization before, the most common response is: "No one ever asked!"

Major Gifts should be considered for non-profit groups that:

- Need quick cash
- Want a lot of money for a special project, such as purchasing land, or
- Are prepared to work over a long term to build an endowment fund that will earn interest to give the group financial freedom.

The number of volunteers willing to work on major gifts is usually the limiting factor in the success of the program. Find out how many volunteers would be willing to:

- Make their own gift first
- Invest 15 to 20 hours
- Participate in training (mandatory)
- Visit people they know
- Ask for a donation in person.

“People have to be seen; there has to be eye-to-eye and heart-to-heart in order to be convincing.”<sup>1</sup> As some professionals describe it, philanthropy is a contact sport.

### **Identifying Prospects**

People involved with non-profit groups are often surprised when they discover their hidden contacts. The best prospects are the people you already know, who have similar values and interests.

Prospects in order of priority, include<sup>2</sup>:

- Board members, current and past
- Current and past donors of largest gifts:
  - Largest single donations
  - Largest total cumulative donations
  - Most frequent small donations
- Volunteers and staff, current and past
- Participants, and in some cases, their families
- Contacts of board members and volunteers
- Strangers – people selected on the basis of research:
  - People known to be generous to other nonprofits
  - People who display interest in your area
- Least likely: wealthy people with no known interest in your work and no record of philanthropy.

Don't leave out people who used to be involved with our organization. Groups that contact lapsed donors find these are often among the first to give generously, even though they may not have the time or interest to get actively involved again. They may not have given because they were not asked.

The best indicator of future donations is past giving. Review your donor list for the best prospects. Search the top 20 percent to 30 percent of donors in the following categories<sup>3</sup>:

- Made one or more unusually large donations
- Total amount donated over the years is unusually high
- Have given much more frequently than most
- Total number of donations over the years is unusually high, even if the total amount is not
- Give an odd amount of money, “like \$27 or \$358,” Joan Flanagan suggests. “An odd dollar amount can be a clue the donor is allocating his or her total charity budget among several nonprofits. This suggests the donor plans his or her charitable giving and your group is already on the short list of good organizations.”

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<sup>1</sup> Wyman, Ken, *Face to Face, How to Get BIGGER Donations from Very Generous People*. Voluntary Action Directorate Multiculturalism and Citizenship Department of Canadian Heritage, Ottawa, ON 1993, pg. 16

<sup>2</sup> *ibid*

<sup>3</sup> Wyman, Ken. p 12

It is very important to start with the board of directors first to ensure credibility as you move into a major gifts program. Prospects have been known to ask outright, “Do 100 percent of your board members contribute? If not, come back and see me when they do.” Prospects feel nervous about an organization where the board does not appear to be firmly committed enough to put their own money on the line. After all, if you cannot persuade your own board to give, how can you persuade others who have less attachment to your vision and mission?

Many successful organizations have the board set an annual goal for personal giving based on what directors plan to give during the year. Being able to say that your board has 100 percent participation in personal giving and that it has set a goal of \$25,000, \$50,000 or other amount is a very real indication of the board’s commitment to a successful fund development program. The board can be very proud when it reaches its annual goal, and will likely increase the goal for the next year. New directors should be made aware of the expectation of giving as part of the recruitment process.

Many donors are also surprised at how much they will give. Few people consciously set out to give away large sums of money. When they do give, it is most often in response to an exciting cause or a properly worded, well-timed presentation made by the right person.

The secret of success for face-to-face asking is to:

- Select the *right* person**
- To ask the *right* person**
- At the *right* time**
- For the *right* amount**
- In the *right* way**
- For the *right* reason**

Major gifts activity requires extensive planning. Wise planners spend *two thirds* of their time getting ready before they approach the first prospective donors. You must prepare your organization through developing an excellent case for support. Research must be undertaken to identify prospects, and to find out their interests, volunteer solicitors must be trained, and so on. Refer to the Appendix K for a Prospect Rating point system and form to complete.

## **Memberships**

About 87 percent of environmental groups in Canada are membership organizations, compared to 80 percent for nonprofit groups overall.<sup>4</sup> Despite the majority being membership organizations, 76 percent report that non-members are among the primary beneficiaries of their services or products. That would certainly be the case with land trusts, which benefit everyone in their communities. Membership fees provide regular cash flow, a donor base for other solicitations, and a source from which to recruit board members and other volunteers.

Members usually expect something in return for their annual fee. This may include regular newsletters, invitations to special events, workshops and the annual meeting as well as tours of properties. Some larger organizations provide special discounts on products and/or services, or a percentage of fees through affinity programs, i.e. credit card usage.

Land trusts need to be aware of the economics of membership benefits. There should be a direct relationship between the membership fee and the cost of the benefits provided. One of the most common member benefits is subscription to a newsletter, which may have costs such

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<sup>4</sup> A Profile of Environmental Nonprofit & Voluntary Organizations in Canada: CEGN Research Brief (October 2004)

as design, photography, printing and mailing. Calculate the per member cost of producing each issue of the newsletter. If it costs \$3 per issue and the newsletter is produced quarterly, then the cost per member is \$12 annually. Obviously, the membership fee should at least allow the organization to cover its costs. Always include a donation form with every issue of your newsletter to make it easy for people to support projects that interest them. Also provide an opportunity for members to make a donation when renewing their annual membership. When members realize what it costs to provide them with the newsletter they enjoy reading, they may be very willing to cover that amount and give more to help fund programs that are important to them.

## Online Giving

Web-based giving should be very attractive to land trusts since so many are grassroots organizations with part-time or no staff, and many have already embraced web technology. Technology helps nonprofits provide people with the tools, resources and information needed to share their passion and commitment with others. It is relatively easy to share a web link with a friend and encourage them to check it out and consider making a donation. Research shows that online gifts on average are twice as much as gifts by cash or cheque. About 80 percent of online donations are 'in memory' or 'in honour' gifts.

Statistics Canada tells us that 60 percent of households in Canada had at least one member who used the Internet regularly in 2001 (up from 51 percent in 2000), and that 2.2 million households spent \$2 billion shopping online.

People between the ages of 15 to 24, who tend to be computer literate, increased their giving from \$79 to \$118 in 2001. The Internet will become even more important in the future as the generation that has grown up with computers since infancy gets to the age when they start to give. Young people are not the exclusive users of the Internet. Statistics show that the fastest growing group of people using the Internet is older, retired people. As well, people in their thirties and forties are receptive to the medium. The Internet is a choice-based medium, in that people seek out the information when they want it. Online giving is becoming increasingly popular for pledge-based events such as walkathons. The CIBC Run for the Cure has increased online donations by about 20 times in the past five years.<sup>5</sup>

The simplest use of web-based technology is to include a pledge form on your website that people can print out and mail in with a cheque. It is more complex to receive online donations; however, there are companies specializing in helping charities establish a web presence. In order to take full advantage of this opportunity, you will need to promote online giving as an option on all materials.

**CanadaHelps** is a unique Canadian donor portal, which offers a low-cost online fundraising option for Canadian charities. It operates on the premise that facilitating online donations is rendered most cost-effective by using electronic fund transfer (EFT) and electronic communication methods. Using EFT, all the funds minus a 3 percent transaction fee are transferred directly to the charity's bank account on a weekly basis. Email communication provides the charity with real-time reporting and notification of each donation made on the site.

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<sup>5</sup> From Philip King, president of artezinteractive, Association for Healthcare Philanthropy Conference, Ottawa, May 2005.

While CanadaHelps.org lists all 80,000 charities, only those that register can proactively use its services, download donation data, and update their profiles on the portal. Three university students launched the site in November 2000, which has facilitated more than \$2 million in donations from 11,000 different donors to more than 2,000 charities. Operating costs are covered through sponsorships and donations. CanadaHelps.org has support from all of the major banks, leading edge technology companies and some granting foundations.

## Special Events

Special events have a three-fold purpose, to:

- **Raise friends** – provide a friendly and welcoming atmosphere to socialize with existing donors and volunteers, and to bring new people into the fold who may want to become involved when they enjoy themselves and like what they hear about your organization's achievements
- **Increase the organization's profile** – through pre-publicity and post-media coverage, especially if there is a unique and fitting focus to the event that captures the interest of assignment editors
- **Generate revenue** – it costs about 50 cents to raise \$1 through a special event. Sponsorship may help reduce the cost to the organization.

Note that generating revenue is not the main reason to organize a special event since there are more effective and efficient ways to raise money; however, there is a place for one or two suitable special events as part of the fund development plan. The key is to identify an event that is a suitable fit for the organization and helps highlight its mission. Some land trusts have organized benefit concerts and/or arts and crafts shows featuring environmental artists. Others hold membership picnics, barbecues, corn roasts, field days, hikes, bike or boat rides.

Another option is to organize a speaker series or workshops on environmental topics held around special days, such as:

- World Water Day - March
- Earth Day – April
- Migratory Bird Day – May
- Biodiversity Day – May
- Environment Week – May
- Ocean's and Canadian Rivers Day – June
- Parks Day – July
- Rivers Day – September

Events fail for four reasons:

- Costs are too high
- Prices are too low
- Not enough tickets are sold
- Expectations are unrealistic.

Good events are managed to avoid these possibilities. Refer to the Appendix N-1 for an Event-Ability Quiz to assess your organization's readiness to organize a special event and Appendix N-2 for a checklist to Evaluate a Special Event that has already been held.

## Gaming

Some organizations raise money through gaming activities such as break open lottery tickets, bingo, raffles, draws and lotteries for cash and/or prizes. These require a licence, fee and reporting back to the licencing body.

The competition for gaming dollars is fierce. National charities aggressively market their lotteries featuring houses, cars, other prizes and cash through direct mail supported by generous marketing budgets. People who like to take part in these activities are mainly interested in their chances of winning and the entertainment value of gaming. They may not even be aware of the good work of the organization that is providing the chance to win. Although there is a place for draws at an event to increase revenue, there are better ways to raise money and build relationships.

## **Strategic Philanthropy, Cause Related or Social Marketing**

Whatever terminology you use - strategic philanthropy, cause related or social marketing - generates revenue for an organization through the sale of a product or service by a company. The first example was in 1983 when American Express helped fund the restoration of the Statue of Liberty. The initiative raised \$1.7 million for the restoration, as well as it increased the usage of the American Express credit card by 28 percent and expanded its customer base by 17 percent. Money comes from corporate marketing budgets not from donation budgets. Unlike sponsorships, only a portion of the proceeds comes to your organization. There would be little or no direct cost for your organization; however, it is important to keep in mind that you are endorsing the product in exchange for a percentage or a fixed portion of the sales price. Companies are usually looking for organizations with significant reach and profile, and that fit with their own business goals.

## **Third Party Events**

Third party events are those run by another community group or business to benefit your organization. There is usually little or no direct cost for your organization. It is important to develop guidelines for third party events to ensure the activity fits with the image of your organization. These events are a good way to extend your reach into the community without taxing your own resources.

## **Sponsorship**

Although both usually require a customized proposal, sponsorship is different from grantsmanship in that the funding comes from a company's marketing or advertising budget instead of money set aside for donations. The differences are outlined in Chart E (next page). Organizations may secure sponsors to help underwrite the cost of events, and provide extensive publicity and promotion through the company's resources. The corporation may also provide employees to help an organization run an event, develop and maintain a website, or print tickets and publications. Securing a sponsor requires a dynamic proposal outlining how your organization's vision fits with the company's business goals, as well as significant specific benefits to the company. There may be different levels of sponsorship available, such as platinum, gold, silver and bronze with each featuring certain benefits.

**Chart E – Comparison of Sponsorship and Charitable Contribution**

	<b>Sponsorship</b>	<b>Charitable Contribution</b>
<b>Publicity</b>	Highly public	Usually little widespread fanfare
<b>Source</b>	Typically from marketing, advertising, or communications budgets	From charitable donations or philanthropy budgets
<b>Accounting</b>	Written off as a full business expense, like promotional printing expenses or media placement expenses	Write-off is limited to 75% of net income. As a result, accounting/tax considerations are less likely to influence the way a corporation designates funding of a not-for-profit organization.
<b>Objectives</b>	To sell more products/services; to increase positive awareness in markets and amongst distant stakeholders (customers, potential customers, geographic community)	To be a good corporate citizen; to enhance the corporate image with closest stakeholders (i.e. employees, shareholders, suppliers)
<b>Partner/recipient</b>	Events; teams; arts or cultural organizations, projects, programs. A cause is sometimes associated with the undertaking.	Larger donations are typically cause-related (education, health, diseases, disasters, environmental), but can also be cultural, artistic, or sports related. At times funding is specifically designated for a project or program; at times it is provided for operating budgets
<b>Where most funding goes</b>	Sport gets the lion's share of sponsorship dollars — likely more than 50%.	Education, social services and health sector get 75% of charitable donations.

From: The Sponsorship Report at [www.sponsorship.ca/p-issues-howbig.html](http://www.sponsorship.ca/p-issues-howbig.html)

## **Tribute Gifts: In Memory, In Celebration or In Honour**

'In Memory' donations are given in memory of someone who has died. These gifts provide a lasting remembrance of a special person while supporting the organization. Obituaries often include suggestions for donations to go to one or more charities. Most of these gifts go to health-related charities; however, there is an opportunity to encourage families to choose a land trust as their charity of choice for donations when a loved one passes. This will require donation cards and information made available to the funeral home in time for the visitation.

'In Celebration' gifts are donations to recognize special occasions such as the birth of a child, graduation, retirement, an anniversary or birthday.

'In Honour' gifts are generally given in appreciation of someone's special service to an organization or the community. Any organization has the opportunity to attract these types of gifts if they are promoted regularly in brochures, on the website and in general conversation. Research indicates that about 80 percent of online donations are 'in memory' or 'in honour' gifts.