

High Net Worth Philanthropy

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Definitions

Top 1%

Income: \$531,020

Net Worth: \$11,099,166

High Net Worth (HNW):

Investable assets over \$1 Million
(does not include real assets or
property)

Ultra High Net Worth (UHNW):

Investable assets over \$30 Million
(does not include real assets or
property)



Wealth Continues to Grow



Following the 2009 Recession

- Major and principal giving showed 10 years of consecutive growth
- Base-level giving was flat to declining, with variation across sectors
- The industry rapidly built major and principal gifts programs.

2021 is showing the same signs of top of the pyramid growth with uncertain bases of support

“Pivoting Up” in Fundraising Programs

Industry-wide shifts in events and in-person experience staff to **prospect development, digital donor experience management, and high net worth emphasis.**

Increased interest in complex **asset education** for fundraisers, building relationships with **philanthropic advisors** and **family offices, pre-exit and conditional arrangements,** and big idea **prospecting.**



Major Gift Business Model



Individual Donors Give Differently

Base / Annual Donors

- Think about their income
- Give from their income

Major Donors

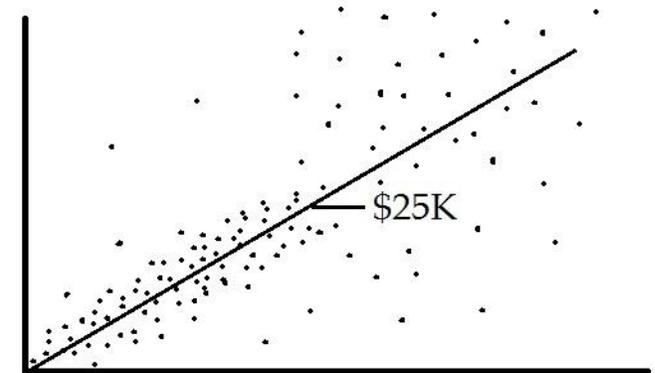
- Think about their assets
- Give from their assets

Planned Giving Donors

- Think about their income
- Give from their assets

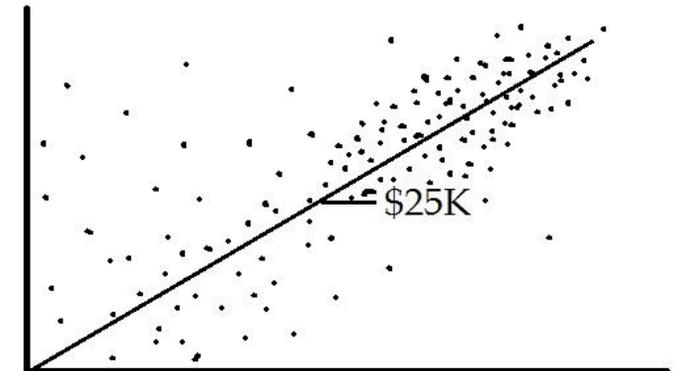
*Income
correlates
with base
level giving*

Giving by Income



*Assets
correlate
with major
giving*

Giving by Assets



Business Model Considerations

Build a base of support

- Begin philanthropic relationship
- Grow habits
- Build loyalty and affinity

Major gift development

- High touch 1-to-1 cultivation
- Big ideas
- Multi-year, multi-asset commitments

Prospect development

- Identify opportunities for high-touch 1-to-1 cultivation
- Based on capacity and propensity criteria
- Inform and service strategy

Base Development

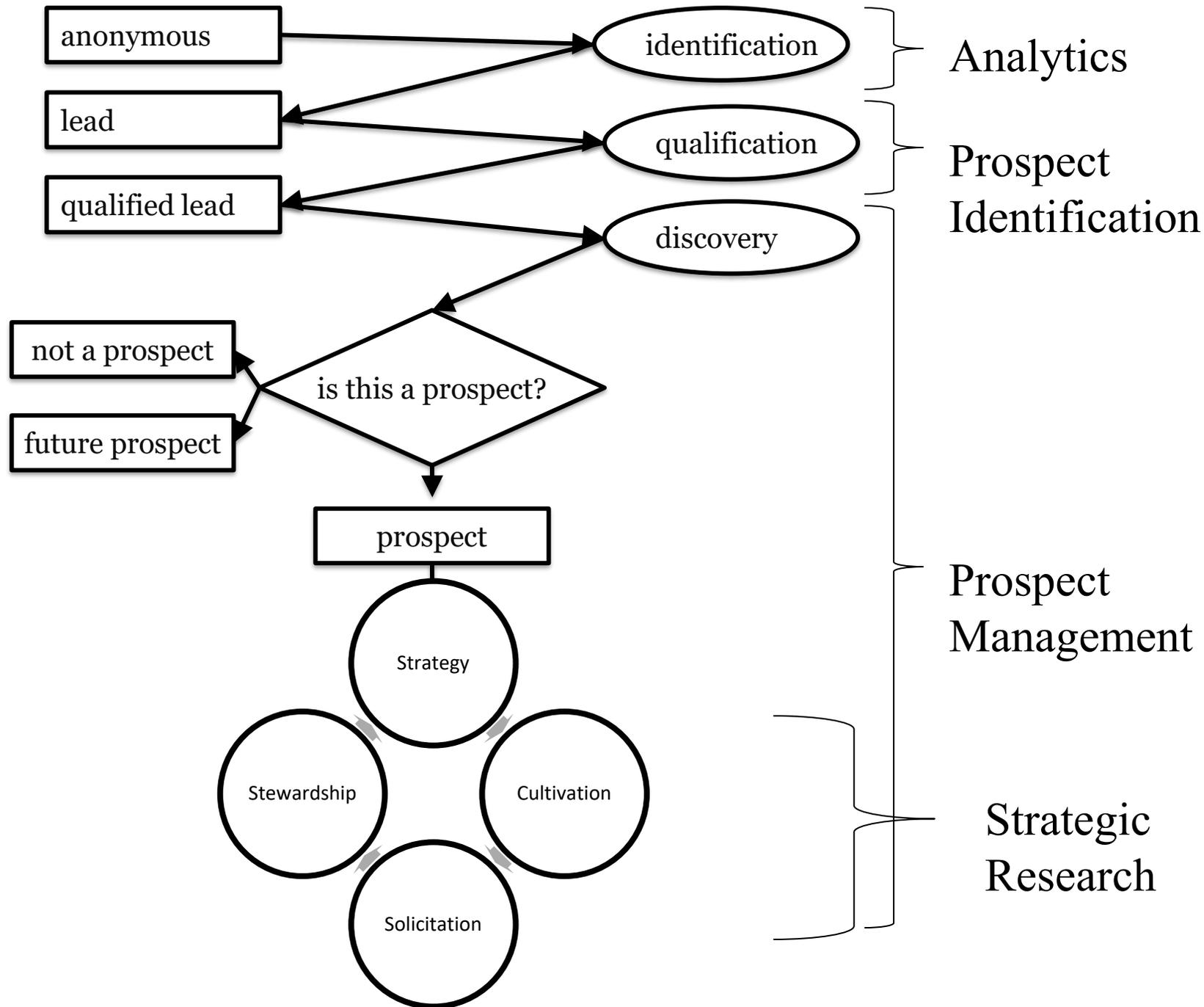


- Acquiring, retaining, upgrading, and growing the philanthropic base of support
- Low ROI for short term dollars. Sometime even operating at a loss
- High ROI for lifetime value.
- Critical area for unrestricted support
- Mechanisms include direct mail, phone, digital strategy, and events

Prospect Development

- Process of identifying prospects from the philanthropic base for high-touch relationship management.
- Begins with high tech approaches – predictive science, data screening
- Prospect research to determine names for assignment
- Names are managed in portfolios
- Prospect management tracks ongoing activity and outcomes





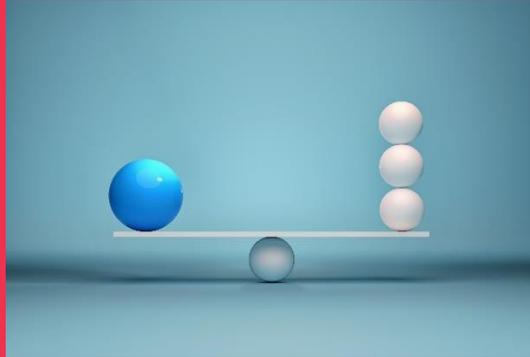
Prospect Development Process

Major Gift Development



- High-touch relationship management culminating in solicitation of larger gifts.
- Typically, major gifts begin at \$25K. Mature programs begin at \$50K or \$100K. Mid-level programs may be medium-touch, medium-volume and incorporate multiple channels.
- While “major giving” may refer to outright cash giving in the 5- to 7-figure ranges, it often refers in the macro sense to multiple programs including:
 - Outright giving
 - Planned giving (deferred gifts such as bequests in wills)
 - Principal giving (typically 7-figure+)
 - Corporate and Foundation Giving

Donor Behavior: Mid-level vs Major



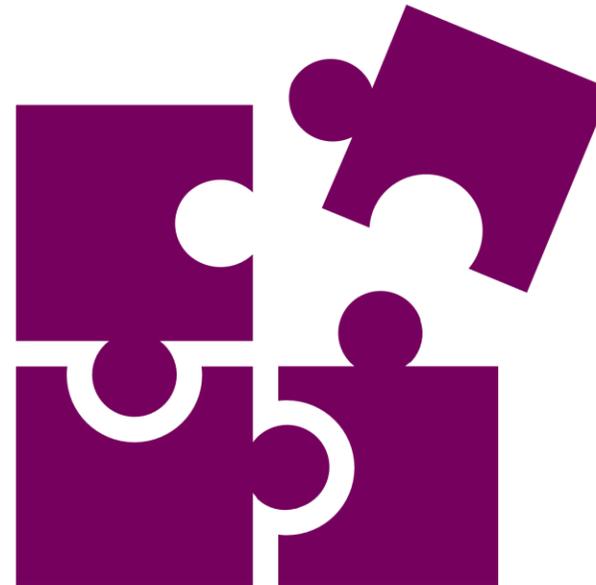
MID-LEVEL GIFTS	vs.	MAJOR GIFTS
Smaller	vs.	Larger
Income-Based	vs.	Asset-Based
Repeatable, Routine	vs.	Periodic
Individual/Couple Decision	vs.	Other Influencers: Family/ Advisors/Health/Charities
Quicker, Easy Decision	vs.	Deliberation
Single Visit/Call	vs.	Several Visits/Interactions
Program Timing	vs.	Donor's Readiness
Moment in time	vs.	Investment

Being an Effective High Net Worth Fundraiser



Characteristics

1. Purposeful
2. Bold
3. Collaborative
4. Studied
5. Authentic



1

Purposeful

- Interactions are a strategy driving towards asking.
- Relationship broker for the institution, not for self.
- The relationship is a means, not an end.
- Portfolio inclusion is a promise of solicitation
- Every prospect in a portfolio will have a strategy

“Asking”

Major gift work has little to do with “**asking**” the donor for something.

It has everything to do with “**offering**” the donor an invitation to participate.

A major gift results from a **belief, shared by the donor and the institution**, that they will impact the future—favorably.



2

Bold

- Empowering the donor to think bigger
- Asking to capacity or beyond
- Driven to reach the unreachable

Big Ideas Drive Big Gifts

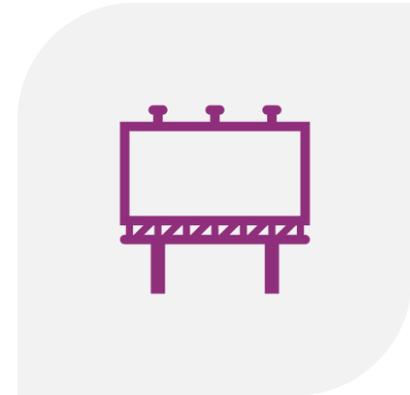
Donors see solutions, not projects.



TRANSFORMATIONAL GIFTS
FLOW OUT OF
TRANSFORMATIONAL
PRIORITIES



FUNDRAISING PROGRAMS
MUST BE HYPER-FOCUSED
ON ALIGNING STRATEGIES TO
THE TOP OF THE PYRAMID



BUILDING BRAND FOR HIGH
NET WORTH CONSTITUENTS.
EXAMPLES OF
TRANSFORMATIONAL GIFTS

Boldness in asking

Top performing fundraisers ask at or above capacity (BWF multi-institution benchmarking project, 2017)

Boldness emerges from:

- Personal belief in mission
- Preparedness in cultivation
- Belief in donor satisfaction emerging from giving
- Alignment of donor and organizational interests
- Big ideas with merit

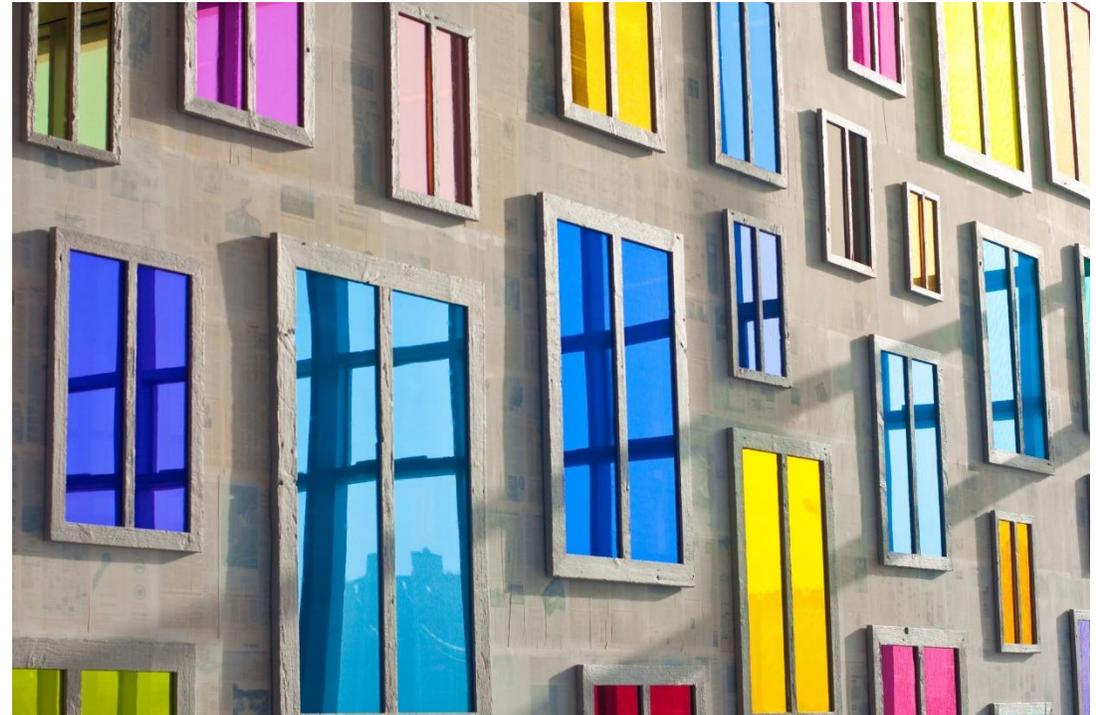
3

Collaborative

- Leveraging internal resources – data, prospect research, donor relations
- Not protective of turf. Rather, encouraging multiple touch points
- Building relationships throughout organization
- Building relationships with prospects' families, advisors, and closest influencers
- Encourage and mentor other fundraisers

Also, donors have their own decision-making process.

- Financial advisors
- Family member input
- Business associates
- Other charities
- Health decisions



4

Studied

- Strong understanding of assets
- Well-versed in the funding opportunities
- Lifelong commitment to craft

Be well versed in asset types



- Be a student of asset wealth
- Study liquid and illiquid assets, including company holdings
- Have the entire asset portfolio on the table
- Gifts can be both outright and deferred, not only one or the other
- Organized philanthropy – Family Foundations, Family Offices, and DAFs

5

Authentic

- Understand the mission thoroughly
- Believe in the mission personally
- Present the mission passionately

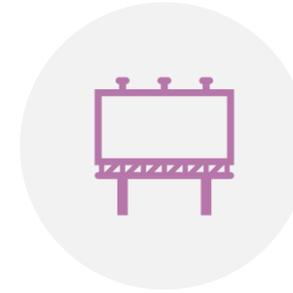
Campaigns Lift High Net Worth Fundraising



CLARIFY THE ORGANIZATION'S PURPOSE AND RELEVANCE.



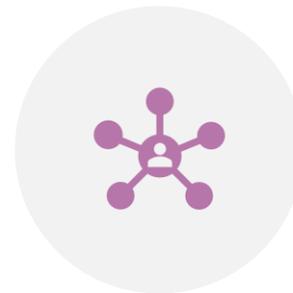
SHARE A UNIFIED MESSAGE ABOUT TOP PRIORITIES.



DEMONSTRATE THE IMPACT OF PHILANTHROPY.



BROADEN THE ORGANIZATION'S REACH.



STRENGTHEN THE COMMUNITY.

Donors Respond Differently During Campaigns

76%

Of donors say campaign timeline impacted the timing of their gifts.

7x

Campaign volunteers are 7x more likely to make a campaign gift

57%

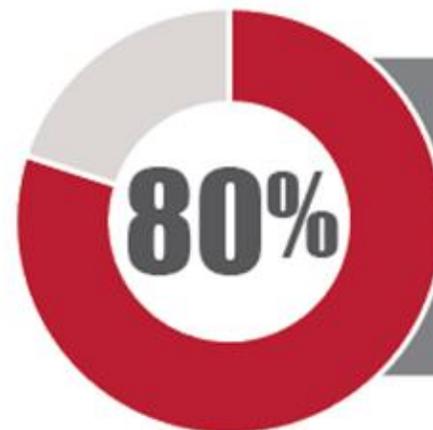
Of donors reported that campaign solicitations led to higher levels of support.

29%

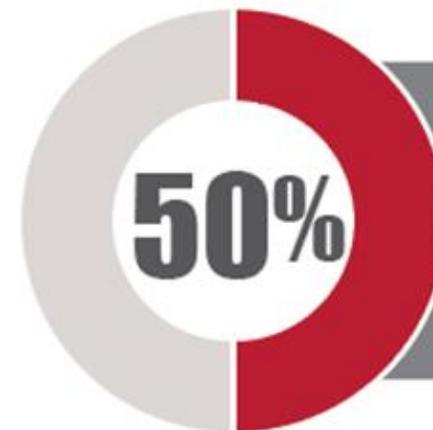
Of early campaign donors make additional gifts later in the campaign.

Leadership and volunteers also provide lift for high-net-worth donors

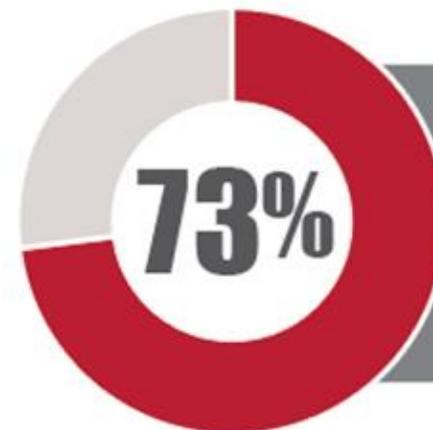
- 78% of \$1M+ donors state that a trusting, personal relationship with leadership is a requirement for their philanthropy.
- Access drives top dollar gifts



Almost **80 percent** of volunteers donated to charitable organizations—double the giving rate of non-volunteers.



50 percent of volunteers say they provide more financial support because they volunteer.



People are **73 percent** more likely to donate after volunteering.

Example: Kendra Scott

Kendra Scott Women's Entrepreneurial Leadership Institute

- \$1 Million Outright by Ms. Scott
- \$500K annually from her company
- 20% of sales from a specific product line
- University of Texas Matching



Donor Journey

Collaboration

Multi-Asset

Ongoing
Involvement

Discussion: What are some of your examples?

J o s h B i r k h o l z

