

# Major Giving:

## Timeless Principles and Emerging Trends

In this paper, CCS Fundraising and Koda Capital offer a four-pillar major gifts framework, highlight impactful emerging trends and provide a practical checklist to build a stronger major gifts program.



# Introduction

To say the last two years have been tumultuous is an understatement. Australia has navigated national disasters and public health crises of historic proportions. As our communities have been impacted, philanthropy has responded.

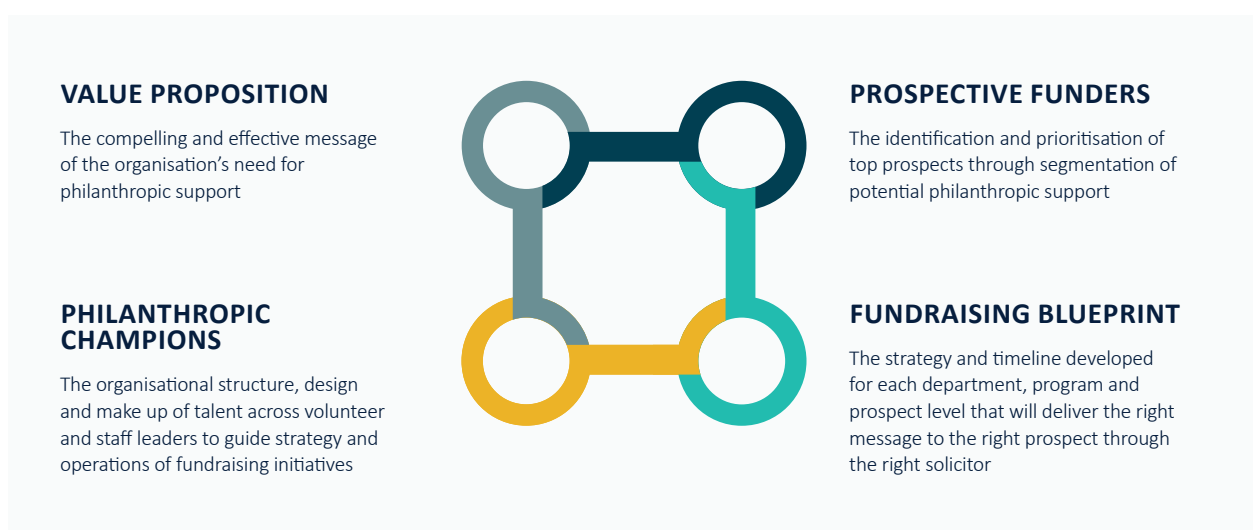
More than \$500 million<sup>1</sup> was committed in response to the bush fires and nearly \$120 million<sup>2</sup> was contributed in response to the COVID-19 crisis. Prior to these disasters, charitable giving in Australia was growing. Throughout the Country, charities generated \$166 billion in revenue in 2019, an increase of 10.5 billion<sup>3</sup> over the previous year. Looking forward, philanthropy should continue this trajectory. It is non-profit leaders and fundraisers who will inspire and accelerate this generosity.

Major gifts are a critical source of sustainable philanthropic revenue that drive transformational societal change. Typically, CCS observes that 90% of total fundraising is driven by an organisation’s top 10% of donors. This trend was evident throughout 2019 and 2020, notably with the \$70 million gift from Andrew and Nicola Forrest in response to the bushfire and the \$100 million grant from the Minderoo Foundation Trust in response to COVID-19. While these gifts were exceptionally transformative, major gifts across all programs are generating significant impact. Given the outsized role major donors have, the best philanthropy programs are highly intentional in resourcing, planning and strategy activation.

In this paper, CCS Fundraising and Koda Capital offer a four-pillar major gifts framework, highlight impactful emerging trends and provide a practical checklist to build a stronger major gifts program.

# The Four-Pillar Framework for Major Gift Strategy

CCS Fundraising, founded in 1947, has nearly seventy-five years of experience in designing and activating major gift strategies. Throughout CCS’s partnerships, we have developed a proven major gifts framework that is focused on four key elements:



<sup>1</sup> <https://au.news.yahoo.com/australian-bushfires-where-500m-in-donations-went-051213886.html>

<sup>2</sup> <https://candid.org/explore-issues/coronavirus>

<sup>3</sup> <https://www.fpmagazine.com.au/australian-charities-report-379032/>

## VALUE PROPOSITION

Philanthropic investment is driven by the articulation of and reasoning behind why a gift is needed, how the organisation plans to achieve its goals and the anticipated impact.

The value proposition explains why donors should invest in an organisation and its programs. The strongest value propositions build from grounding strategic plans and include the organisation's vision, priorities, impact stories, data supporting the request and a call to action.

A well-crafted and compelling value proposition will serve as the guiding star for major gifts work and should be crafted with the donor in mind. The value proposition is the foundation on which all other donor communication and collateral should be based.

Value propositions are typically designed as part of the organisation's strategic planning initiative, then honed through feasibility studies and donor engagement to help uncover the most resonant and optimally positioned funding priorities.

Key questions that a value proposition will answer for a prospective donor include:

- What are your organisation's mission and strengths?
- What is the challenge your organisation is working to overcome?
- What is your plan for overcoming this challenge?
- What are your goals (realistic and aspirational)?
- How will you execute this plan (tactics, funding needs)?
- What will be the impact of your work?
- What is your specific ask of the donor?

## PROSPECTIVE FUNDERS

Critical to a major gifts strategy are the identification, segmentation and prioritisation of prospective funders to the organisation. The quality and quantity of the major gift prospect portfolio defines the potential of the overall effort and will guide resource allocation and energy.

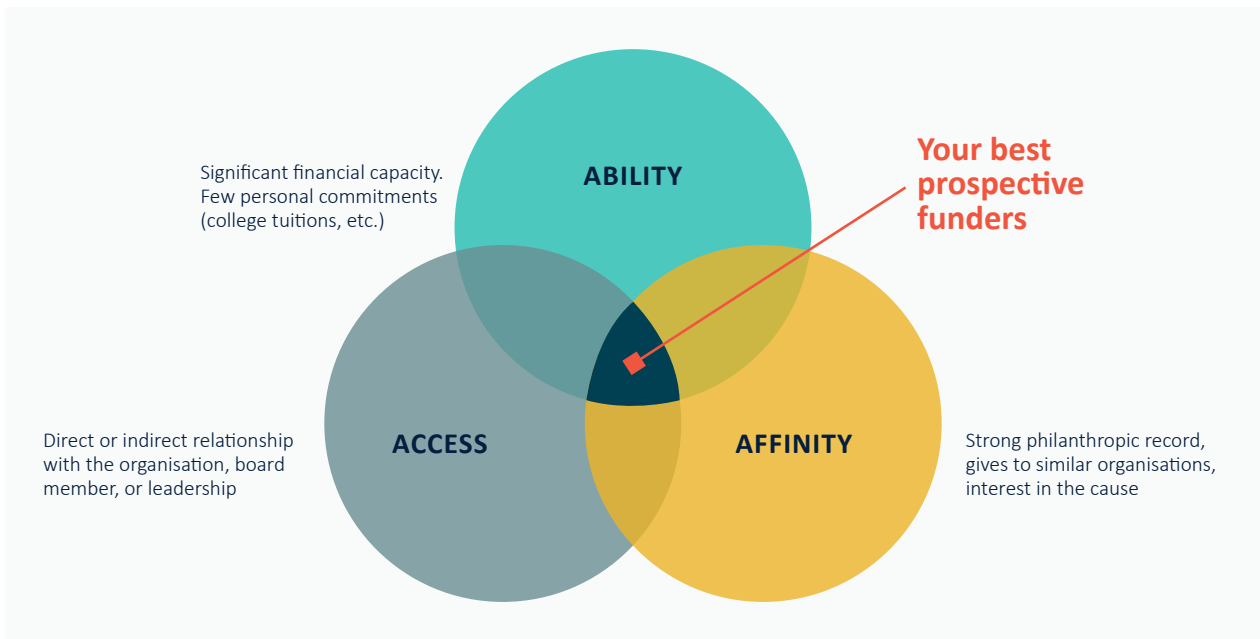
Both individual prospective funders and aggregate portfolios can be assessed on three attributes:

**Ability:** What is the philanthropic giving capacity of a prospective funder based on their net worth and liquidity of assets?

**Affinity:** Does the prospective funder have alignment with the organisation's mission, programs and leaders?

**Access:** Does the organisation have a direct relationship with the prospective funder or a pathway to introduction through other friends and donors?

A portfolio of prospective donors with high ability, high affinity and high accessibility is an invaluable asset to an organisation.



While ability is the attribute cited most often when evaluating prospective donors, it is the only one of the three attributes over which fundraisers have no control. Through strategic engagement, fundraisers can influence affinity to their programs and increase access by leveraging current leadership, donors and friends to develop stronger relationships with new prospective funders.

The strength of a prospect portfolio is also dependent on the quantity of prospective donors. An organisation’s pathway to major gift fundraising goals relies on having more prospective funders than donors needed each year. CCS typically finds that having a prospect-to-donor ratio of three to one for traditional major gifts is an indicator of a healthy major giving program with extremely viable pathways to fundraising goals.

For example, consider a \$25 million fundraising goal and the number of target donors and prospective funders needed at various giving levels required to meet the fundraising target.

Gift Level	Fundraising Targets	Donors Needed	Target Prospects
Seven-figure donors	\$9 million	5	15
Six-figure donors	\$13.5 million	23	69
Five-figure donors	\$2.5 million	250	750
<b>Total</b>	<b>\$25 million</b>	<b>278</b>	<b>834</b>

The example above highlights the need for a prospect-to-donor ratio of 3:1, which signals a strong prospect landscape and a viable pathway to the goal. The evaluation of your pathway to major donor fundraising targets should be a continual exercise throughout the year. By assessing the quality and quantity of their prospect portfolios, leadership and gift officers will always have a keen sense of how their goal pathways are evolving.

## PHILANTHROPIC CHAMPIONS

The most successful fundraising initiatives are those that involve key stakeholders outside of the philanthropy team, asking them to advise on strategy and to partner in the engagement of prospective funders.

An organisation must first look inward to engage key leaders as partners in fundraising. This begins with the Chief Executive Officer who prioritises and creates a culture of philanthropy. Other key internal champions include department heads, program directors and topical experts. These individuals, when properly trained, briefed and partnered with professional fundraisers, can invigorate the value proposition and signal to prospective donors that they are the priority.

The second group of leadership stakeholders are the board of directors and other external volunteers who can champion the organisation’s mission and programs. With appropriate support from the development team, volunteer leaders can raise fundraising to new heights through their willingness to maximise relationships, assist in major gift solicitations and ultimately lead by example in giving personally, inspiring others to give and advocating for the organisation.

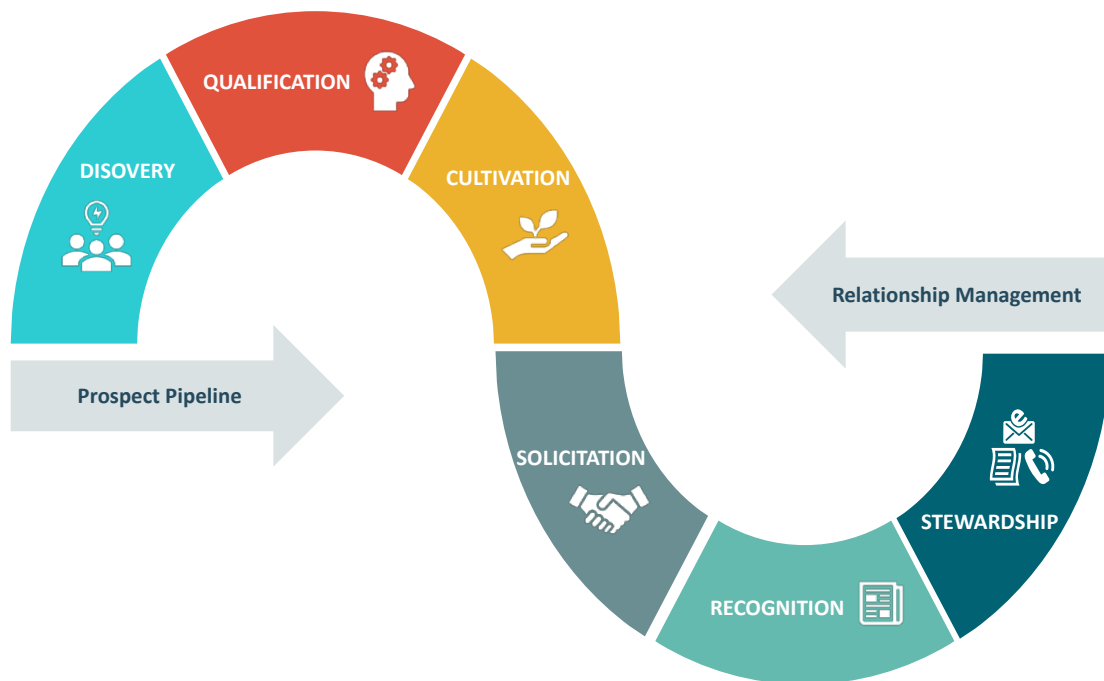
As fundraising teams assess potential internal and external leadership candidates to serve as advisors, ambassadors and partners, consider the following questions:

- Which department heads, program directors and internal topical experts will provide additional value in cultivating new prospective donors?
- Who are individuals that can influence, inspire and ask others to contribute?
- Which existing donors can help you connect with new prospective donors?

## FUNDRAISING BLUEPRINT

An overarching plan is the foundation of successful fundraising. Clear goals, timetables, budgets and key performance indicators provide organisations with a valuable blueprint each year. Similarly, sustainable major gift programs hinge on tailored engagement strategies that guide each phase of the donor life cycle. This process includes the following steps:

- **Discovery** of new prospective donors and the development of a pipeline
- **Qualification** of a prospective donor’s interest and ability
- Active **cultivation**, building inclination and affinity in the leadership, mission and programs
- Appropriate **solicitation** of a specific gift for a specific effort
- Timely **recognition** and acknowledgment of the gift
- Intentional **stewardship**, managing the gift as the donor intended and updating the donor on the impact of the gift



The donor life cycle is an important concept to integrate. At each stage, you learn more about the prospective funder, especially their interest and ability. As a prospective funder moves from discovery to stewardship, fundraisers build their knowledge base and evolve their donor-centric strategy to develop tailored engagement driven by donor centrality.

# Current Trends

While the approach to major gifts should be guided by fundraising principles and proven frameworks, strategy will always be impacted in part by developing trends and the macro environment.

Prominent trends will influence planning and resources. Five of the most prominent trends that will affect major gift strategy include: the growing influence of women in philanthropy, the intergenerational wealth transfer, big bet philanthropy, growth in Private Ancillary Funds (PAF), and the digital transformation and the role of data analytics.

## THE GROWING INFLUENCE OF WOMEN IN PHILANTHROPY

Women are driving philanthropic giving decisions today more than ever and their influence will continue to rise over the next decade. Women are earning and inheriting more money at a faster pace than men. Women's control of the world's wealth has grown to one third, driven by a 6% compound annual growth rate compared to only 4% for men. While this is a global trend, the estimated growth rate in Australia of 6.5% may outpace the global average through 2023<sup>4</sup>.

Research also shows that women have a significant influence over household philanthropy. Additionally, women are known to make larger and more frequent charitable gifts than men of similar circumstances across almost every income bracket<sup>5</sup>.

*Key Takeaway for Major Gift Fundraising:* Ensure that women are engaged as central philanthropic decision makers during the cultivation and solicitation process. Make sure that women are represented in your prospective donor portfolio and an integrated part of the team of philanthropic champions engaging prospects.

## INTERGENERATIONAL WEALTH TRANSFER

Australians are set to transfer an estimated \$3.5 trillion over the next 20 years between generations, growing at 7% a year. Heads of family will soon be faced with massive decisions regarding how to distribute their wealth. While much will go to children, grandchildren and other family, charities are uniquely positioned to be included in estate planning by their past donors and benefactors<sup>6</sup>.

Australians are also showing an increased willingness to integrate bequests into their wills. Currently, only 7.4% of Australians leave a gift to charity in their wills, but 25% of Australians say they would like to. Additionally, 65% of Australians said it is okay for fundraisers to ask about leaving a bequest<sup>7</sup>.

*Key Takeaway for Major Gift Fundraising:* Invest in planned giving strategies. Educate your fundraisers about estate planning, wills and bequests. At the minimum, charities should evaluate the option to integrate blended gift strategies into solicitations by incorporating estate planning and planned vehicles such as bequests into the traditional multi-year pledge schedules. For prospective funders who have a track record of consistent giving to a charity and are at least 75 years old, solicitations can focus solely on bequests.

<sup>4</sup> <https://www.bcg.com/publications/2020/managing-next-decade-women-wealth>

<sup>5</sup> <https://ccsfundraising.com/who-funds-the-world-girls-how-nonprofits-can-avoid-overlooking-the-value-of-female-donors>

<sup>6</sup> <https://www.afr.com/wealth/personal-finance/how-to-get-the-great-wealth-transfer-right-20191205-p53h7b>

<sup>7</sup> <https://www.fpmagazine.com.au/many-australians-leave-gift-charity-will-new-research-359436>

## BIG BET PHILANTHROPY

Big bet philanthropy is a term coined to define philanthropic commitments at the eight-and-nine-figure gift levels that seek to solve or significantly ameliorate a problem. These gifts are made by the world's ultra-high-net-worth individuals and largest foundations. Today, there are more than 2,200 billionaires worldwide whose fortunes are collectively worth more than \$9 trillion, 122 of whom live in Australia<sup>8</sup>.

Big bets are taking a foothold in Australia. Most notable is Chuck Feeney and the Atlantic Philanthropies foundation. Since the late 1990s, Atlantic Philanthropies has supported 23 Australian organisations with grants totalling \$368 million USD, helping to make the country an international leader in science and innovation. The largest of these grants was \$50 million USD in 2016 to establish the Atlantic Fellows for Social Equity, which helps equip leaders with the tools they need to address inequality and social exclusion throughout Australia and the Pacific.

Atlantic Philanthropies recently closed its doors, having made its final grants in 2016. Meanwhile, another foundation capable of making big bets has emerged. The Australian-based Paul Ramsay Foundation, launched through a \$3 billion bequest, is groundbreaking in its size. With a mission to break "cycles of disadvantage" in Australia, the foundation does not accept unsolicited proposals but instead approaches organisations with which it would like to partner. The foundation has been able to provide transformational support to dozens of partner organisations since its founding in 2006 including an initial \$14.7 million donation to the Black Dog Institute for suicide prevention programs.

As wealth continues to increase among the world's most affluent, big bet philanthropy is also growing in prominence. Historically, the largest gifts were reserved for institutions across higher education and healthcare centers. However, today's trends highlight that donors are also looking to human services and environmental organisations to solve society's most pressing issues. These donors often have a track record with the organisation and initiate support through more traditional major gifts, or pathway gifts, prior to making a big bet<sup>9</sup>.

*Key Takeaway for Major Gift Fundraising:* Be bold. Build a value proposition that highlights how your organisation's programs are solving complex problems. Outline the scale and funding gaps. Identify ultra-high-net-worth prospective funders and have big conversations with them about the role they can play in creating impact.

## GROWTH IN PRIVATE ANCILLARY FUNDS

Donations through PAFs have almost tripled in the past six years<sup>10</sup>. A PAF is a type of charitable trust that offers an effective and strategic way to manage philanthropy. They are becoming a powerful medium in Australia. Donating through a PAF enables individuals to receive an immediate tax deduction and use the money put aside to give to the charities of their choice each year.

Since PAFs were established in 1999, their numbers have grown to 1,667 across Australia in 2018, distributing \$394.43 million AUD a year to Australian charities<sup>11</sup>. The increase in and influence of PAFs mean that their distributions will provide a consistent foundation for continued growth of major gifts in Australia<sup>12</sup>.

*Key Takeaway for Major Gift Fundraising:* Align your value proposition with a clear mission and purpose. PAFs are as diverse as the larger base of prospective funders in Australia and in their early stages often established with a narrow purpose. Understand when to expend energy and when not to.

<sup>8</sup> <https://www.forbes.com/sites/chasewithorn/2020/12/16/the-worlds-billionaires-have-gotten-19-trillion-richer-in-2020/?sh=2d7519f17386>

<sup>9</sup> <https://ccsfundraising.com/betting-big-to-drive-social-change>

<sup>10</sup> [https://kodacapital.com/wp-content/uploads/koda-capital\\_snapshot-of-australian-giving-2018.pdf](https://kodacapital.com/wp-content/uploads/koda-capital_snapshot-of-australian-giving-2018.pdf)

<sup>11</sup> <https://www.philanthropy.org.au/tools-resources/fast-facts-and-stats/#:~:text=Australian%20Taxation%20Office,PuAFs%20as%20of%20November%202018>

<sup>12</sup> [https://kodacapital.com/wp-content/uploads/koda-capital\\_snapshot-of-australian-giving-2018.pdf](https://kodacapital.com/wp-content/uploads/koda-capital_snapshot-of-australian-giving-2018.pdf)



## THE DIGITAL TRANSFORMATION AND THE ROLE OF DATA ANALYTICS

The International Data Corporation (IDC) has estimated that global spending on digital transformation will reach a staggering \$6.8 trillion globally by 2023. Furthermore, due to the impact of Covid-19, IDC predicted that 65% of the world's GDP would be digitized by 2022<sup>13</sup>. Organisations are increasingly integrating digital technology across all areas, which is fundamentally changing daily operations and value delivery. Additionally, Forbes reported that in a recent survey, 97% of those making enterprise decisions around digital transformation noted that the pandemic sped up their approach to the digital transformation<sup>14</sup>. This further emphasizes the pressing need for non-profits to stay current by embracing digital strategies.

*Key Takeaway for Major Gift Fundraising:* More constituent and donor data are available to charities than ever before. Fundraising teams must adapt their strategies to embrace new technologies to stay relevant in the evolving digital landscape. Utilising these data assets through tools that leverage artificial intelligence and machine learning will help leadership keenly target and prioritise the organisation's base of prospective funders and set accurate fundraising goals.

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<sup>13</sup> <https://www.fiercetelecom.com/telecom/report-digital-transformation-spending-will-catapult-to-6-8-trillion-by-2023>

<sup>14</sup> <https://www.forbes.com/sites/johnkoetsier/2020/09/10/97-of-executives-say-covid-19-spiced-up-digital-transformation/?sh=785a3ec44799>



# Major Gifts Checklist

To ensure your major gifts efforts are successful, we have created a checklist of necessary fundraising materials.

The checklist includes the names of the materials, as well as a short description of each item.

## VALUE PROPOSITION AND OTHER CUSTOMIZED MATERIALS

<b>Value Proposition</b>	Document that explains what your organisation does, why it is important and why people should support your mission
<b>Cultivation Viewbook</b>	Early-stage document that is customized to appeal to the prospective funder
<b>Proposal Template</b>	Customised and graphically designed prospectus soliciting a major gift
<b>Naming Opportunities Menu</b>	Document that outlines the potential giving opportunities tied to varying dollar amounts

## PROSPECTIVE FUNDERS: MANAGEMENT AND STRATEGY

<b>Annotated Table of Gifts</b>	Tiered list that illustrates the necessary value and volume of gifts required to successfully achieve your fundraising goal
<b>Solicitation Roadmap Template</b>	Summary of prospective funder strategy, timeline and engagement team
<b>Prospective Funder Strategy and Research Profile Template</b>	Detailed information about a particular prospective donor and an informed analysis of the approach to cultivate and solicit the prospect

## PHILANTHROPIC CHAMPIONS: LEADERSHIP, STAFF AND VOLUNTEER SUPPORT

<b>Role Descriptions</b>	Defined responsibilities of staff and leadership throughout a major gift solicitation effort
<b>Talking Points Template</b>	Elevator pitch, frequently asked questions and other key points that create a consistent message across the entire team
<b>Solicitation Training</b>	Guide that highlights best practices for soliciting a gift
<b>Volunteer Guidebooks</b>	Comprehensive guide that outlines key responsibilities and expectations for volunteers

## FUNDRAISING BLUEPRINT: PLANNING, TRACKING AND REPORTING

<b>Major Gifts Blueprint</b>	Plan that highlights the goals, strategies and objectives for a specific period
<b>Budget</b>	Anticipated spend for major gifts program
<b>Gift Acceptance Policies</b>	Policies that define the types of gifts an organisation can accept and educate the staff and board about critical issues triggered by certain gifts
<b>Progress Report and Dashboard</b>	Regularly updated documents that monitor progress towards goals and KPIs
<b>Calendar of Events</b>	Calendar that highlights key events during the fiscal year that will complement the major gift blueprint

## BEHAVIOURS AND ACTIVITIES

<b>Actions and Meetings</b>	<p>Engage your prospective funders through proactive outreach via visits, phone calls, emails and video calls</p> <p>Meet in person whenever possible, particularly for solicitations</p> <p>When soliciting prospective funders, ask for specific amounts for specific projects</p>
<b>Philanthropic Champions: Leadership and Volunteer Engagement</b>	<p>Engage champions across the organisation in planning, priority setting and prospect visits</p> <p>Every volunteer leader has a role in supporting philanthropy. Find where they can be an asset and utilise them. Ask volunteer leadership to help identify, cultivate, solicit and steward prospective funders and donors as appropriate</p> <p>Build foundational fundraising practices and the philanthropic landscape by offering regular training and updates to leadership</p>
<b>Goals and Accountability</b>	<p>In addition to top-line fundraising goals for each fundraiser, set benchmarks for cultivation and stewardship steps spanning from visits to phone calls and email for each month</p> <p>Hold regular meetings with the major gifts team to assess progress and share successes and challenges</p> <p>Avoid falling into the easy pattern of only stewarding familiar donors and expand the prospective funder portfolio by engaging new prospective donors and building the pipeline</p>
<b>Balance Patience and Actions</b>	<p>Allow the process to play out. It takes time for relationships to grow. Don't rush to ask a prospective funder until that prospective funder is ready</p> <p>On the flip side, do not procrastinate. You are navigating a competitive philanthropic landscape. Ask your prospective funders to donate or they will prioritise other charities that do</p>
<b>Culture of Record Keeping</b>	<p>Intentionally build an organisational culture that values consistent record keeping so that everyone can access the information they need</p> <p>Commit to entering specific notes in the database about every interaction with each prospective funder or donor</p> <p>Develop the mantra: "If it's not in the database, it didn't happen."</p>

# Conclusion

Major gifts fundraising can have a transformational effect on an organisation, driving significant funding to the mission and engaging donors more deeply.

Donors who are appropriately, personally and patiently cultivated can become enthusiastic advocates for the organisation and its mission in the community, spreading good will and encouraging others to join in support. An organisation committed to a major gifts program will not only raise more money for current operations but will become more sustainable as well. A well-stewarded donor will be much less likely to lapse, supporting your organisation year after year.

As the philanthropic landscape continues to evolve in Australia, successful organisations will find reliable support from a well-developed major gifts program. Although strategies will need to be adjusted as economic and social trends alter the landscape, the framework of a well-organized major gifts program is timeless.

## SO WHAT NEXT?

- Is your organisation raising major gifts effectively?
- Do you have staffing resources allocated appropriately?
- Do all staff and volunteers understand and embrace the major gifts process?
- Are you committed to using your database fully?
- Are there appropriate checks and balances for accountability built into your program?

Ask yourself these difficult questions now so that you can be sure you will continue to create and maximize opportunities long into the future. Organisational sustainability and mission fulfillment depend on it.



## ABOUT CCS

CCS Fundraising is a strategic consulting firm that has partnered with non-profits for 75 years. We provide transformational change through a wide range of services that support and strengthen non-profit fundraising programs. CCS operates in more than a dozen offices in countries around the world. The firm's experts—skilled in campaign and development strategy—work closely with organisations of all sizes across non-profit sectors.

[ccsfundraising.com](http://ccsfundraising.com)  
+61 2 9053 7505

**Sydney**  
Queen Victoria Building  
PO Box Q759  
Sydney NSW 1230

**New York**  
527 Madison Avenue  
5th Floor  
New York NY 10022

**London**  
54 Hatton Garden  
5th Floor  
London EC1N 8HN



## ABOUT KODA

Koda Capital is an independent investment adviser serving private clients, charitable and non-profit organisations and philanthropic foundations. We go beyond the provision of portfolio management, to provide expert advice on best practice investment governance, fundraising and professional development for non-profit leaders.

[kodacapital.com](http://kodacapital.com)  
+61 2 8651 3400

**Sydney**  
Level 9, 20 Bond Street  
PO Box R216  
Royal Exchange NSW 1225

**Melbourne**  
Level 15, 385 Bourke Street  
GPO Box 5356  
Melbourne VIC 3001

**Brisbane**  
Level 27, 1 Eagle Street  
PO Box 15519  
City East QLD 4002

Published October 2021

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