# Engaging a Continuum of Donors

BY KARLA AHO

To create lifetime engagement for alumni and other constituents of Michigan Technological University, the offices of advancement, alumni relations, and the annual fund were merged with the student affairs office in the years following a successful 2006-2013 endowment campaign.

The student affairs and advancement life cycle of engagement covers a continuum from the precollege experience all the way to a philanthropic element. It starts with awareness, followed by recruitment, attendance, the Michigan Tech experience, student success, and becoming proud alumni, followed by reinvestment — financial or otherwise — in Michigan Tech.

The Council for Advancement and Support of Education (CASE) awarded Michigan Technological University's student affairs and advancement's life cycle of engagement model its Grand Gold designation in the general advancement collaborative programs category in 2018.

From the perspective of increasing philanthropic giving, Tech's goal is to engage a continuum of donors — whether making annual gifts, major outright gifts, or estate gifts — which follows the path of awareness from engagement to financial support. Michigan Tech needed to create an advancement research and marketing model to work smarter and more efficiently in raising major outright and deferred gifts. It also needed to engage and educate all alumni about giving.

As part of that merger, because I had 10 years of experience as a major and planned gift fundraiser, I had the opportunity to lead a coupling of gift planning and advancement research to blend science into the art of fundraising. The two other key members of the office of gift planning and advancement services team were a major gifts fundraiser turned researcher and a gift-planning specialist with prior experience working with the annual fund and information technology. Our unique experiences and perspectives made for success in this project.

In preparation for building upon the momentum of the successful campaign, an internal historical analysis of major outright, pledged, and planned gifts was performed in 2012. The analysis revealed that only 1,394 major outright or planned gifts of $10,000 or more (the amount of a major gift at Tech until 2001) had ever been made. It also showed that regardless of class year, the average donor age when making a major gift spanned 61 to 67 — more than 40 years after graduation! Another notable finding was that 320 gifts totaling more than $38 million were made by friends.

The class year breakdown of living alumni defined the groups to focus on and informed Michigan Tech's approach to engaging all alumni across the continuum of class years.

- 28 percent (14,699) graduated 1979 or earlier
- 23 percent (12,349) graduated in the 1980s
- 49 percent (25,860) graduated 1990 or later

To achieve both immediate and long-term goals, we needed to (1) identify the

*See ENGAGING: Page 6*

**Michigan Tech needed to work smarter.**

**10 TIPS** *continued from Page 4*

for — an appointment set with a donor interested in finding meaning in their life through philanthropy.

## Bonus Tip: Leverage Referrals

The previous 10 tips only apply when you have no chance of leveraging a referral (or you fail to try to leverage them). You should always try to gain a referral first. Wealthy people know other wealthy people with similar interests who are likely to find joy because of support for your cause. Without a doubt, that is why gaining a referral is the best method for landing a meeting with a highly qualified major or legacy donor prospect.

A referral can help you cross the valley of distrust instantly. Plus, your referral source will be able to help you with your research since they know their friends well. If you have not yet tapped into your board members' and other major donors' networks, scrap my top 10 tips and start with efforts to gain referrals first instead.

Endnote

* Author's full disclosure: I invented the only survey system specifically tailored for collecting this kind of research from nonprofit donors.

Greg Warner is CEO and founder of MarketSmart, a marketing software and services firm that helps nonprofits. In 2013, Warner coined the phrase "engagement fundraising" to encapsulate his breakthrough fundraising formula for achieving extraordinary results. Using its own innovative strategies and technologies, MarketSmart helps fundraisers zero in on the donors most likely to make major and legacy gifts. gwarner@marketsmart.com

We have gift expectancies ranging from one to 65 years.

**ENGAGING** *continued from Page 5*

best existing donors and new prospective donors on both the major outright and planned gift levels, (2) segment these prospects appropriately, and (3) properly engage alumni and friends of all generations to help educate, engage, and identify the next generation of generous donors.

Like other universities in the United States, Michigan Tech faces the challenge of engaging a younger alumni base. Over half of Tech graduates are age 48 and younger. At the same time, we need to capitalize on the opportunity to engage with the significant number of potential donors who graduated before 1990 and would have the ability to make large gifts in the immediate and near future.

Michigan Tech has a robust planned giving program with a significant inventory (called the planned giving registry) of future gift intentions. The dollar value of the registry has more than doubled since 2008 and continues to grow. We have gift expectancies ranging from one to 65 years, with more than half expected to be realized in the next six to 20 years.

A July 2015 CASE peer review of Michigan Tech's office of advancement noted that it seemed paradoxical that the planned giving program is both a strength and a challenge for the university. The success of planned giving might overshadow the areas of Tech's fundraising that need improvement. This observation by our peers cemented the belief that the donor pipeline must be strengthened at all joints, including engagement and volunteering, annual fund, and major outright and planned gift donors. They further underscored the urgent need to identify immediate and near-term major gift donors.

To strategically build the fundraising pipeline by educating and engaging alumni and friends about philanthropy, we defined two overarching goals for engaging a continuum of donors at Michigan Tech.

- Goal 1: Identify new immediate and future potential donors to increase the number and financial value of major gifts, now and far into the future
- Goal 2: Create and implement a multichannel and segmented marketing and outreach plan

Three primary tasks to reach these goals were identified: (1) Identify and reach the small percentage of alumni and friends who make major gifts, (2) educate and engage younger alumni in philanthropic endeavors, and (3) instill a culture of philanthropy on campus.

While the culture of philanthropy on campus is important to future major gift fundraising, for this article, the focus is only on the identification and engagement of prospective donors who could support the university sooner. Instilling the culture of philanthropy on campus has been charged to alumni relations and the annual fund as part of the life cycle of engagement model.

To find and grow the small number of major donors, we made several recommendations.

- Utilize predictive modeling
- Use our existing successful gift-planning marketing vehicles
- Create new approaches to help prospective donors self-identify (a monthly e-newsletter and a print newsletter sent semiannually)
- Further explore the role of friends in philanthropy

## Goal 1: Donor Identification

We needed to identify new potential donors who could make current and deferred gifts to increase the number of major gifts, both now and far into the future.

For wealth screening and predictive models, Michigan Tech engaged the WealthEngine company to conduct data hygiene and wealth screening of 90,000 existing donors and prospects. It found nearly 9,000 lost alumni, created a custom statistical model focusing on major gift donors and prospects, analyzed the resulting data, and provided counsel on segmentation, prospecting, and corresponding fundraising strategies. This was the first wealth screening of university constituents since 2006 and included a proprietary post-recession algorithm.

The preparation of the enormous data file to be sent to WealthEngine for screening took several months. It required the involvement of campus information technology and services, and significant discussion with front-line fundraisers to learn more about their existing donors, and what they look for when qualifying new donors. We believed input from fundraisers was paramount to a successful outcome because prior wealth screening information was not valued by fundraising staff. It previously had continued to reveal high wealth ratings for people who did not have the necessary affinity or inclination to support the university with a major gift.

The WealthEngine screening showed tremendous opportunity to increase advancement's activity with existing and prospective donors.

- Michigan Tech had a larger concentration of affluent constituents than the national average
- All but a select few were giving at much lower levels than they could
- There was significant opportunity with planned gift donors, former scholarship recipients, alumni, and parents
- The predictive major gift model could narrow the focus of the advancement research team to approximately 7,000 prospects and donors who most resembled existing major givers
- Increased solicitation amounts, including direct response, should be implemented

The Advancement Research staff took a proactive approach to make immediate use of the wealth screening data and recommendations for the use of advancement officers. Two predictive models came from this approach:

1) A major gift model provided by WealthEngine was utilized to identify prospective donors for immediate in-person visits
2) We established a forward-looking "sesquicentennial model" for younger alumni

The major gift model was based on 49 attributes of Tech's existing donors and provided the geographic distribution for those prospective donors with the most ability to give at major gift levels. With this information — and instruction from administration to be more cost-efficient — advancement officer portfolios were thoughtfully and intentionally reassigned by geographic region. Advancement research staff then vetted the top 1,400 potential donors from WealthEngine and assigned them to officers' portfolios.

To further enhance front-line fundraiser success, advancement research provided new tools to assist them in quickly finding the most qualified donors with the ability and in the life stage to make a major or planned gift in the next two to five years. These tools included upgrades to Michigan Tech's donor data management systems, allowing officers to sort donors by predictive giving scores, lifetime giving totals, and planned giving information requests.

The sesquicentennial model (subsequently renamed the rising star model) was designed internally to engage and cultivate donors of the future, today. After identifying the top immediate and near-term prospects, advancement research then honed-in on the largest cohort — those under the age of 45, which comprises more than half of Tech's living alumni. The Educational Advisory Board's New Rules of Engagement study explained that mid-career alumni in their 30s and 40s have the greatest unrealized fundraising potential for colleges and universities, and that they must be engaged before they enter their peak earning years.

The term sesquicentennial was used to name this cohort because a good portion of this group will be nearing the stage (age 61 to 67) where they have the capacity to make major gifts at the same time Michigan Tech will celebrate its 150th anniversary in 2035. Using a demographic approach, 300 top prospects were identified as those who have current engagement with Tech, a good giving record, internal and external high wealth and capacity screenings, professional status or accomplishments, and were highly involved as a student.

Suggested strategies for engagement of sesquicentennial alumni include:

- Focused outreach through alumni relations and annual giving
- Corporate partnerships
- Academic and other campus unit engagement
- Volunteer and advisory board service
- One-on-one cultivation with mid-level donors

To simplify the visit and trip planning process for advancement officers and other staff, new status codes were created to easily identify prospective donors in the sesquicentennial model: R (recommended for major gift), RP (recommended planned gift), RS (recommended sesquicentennial), and RV (recommended volunteer).

## Goal 2: Multichannel Marketing

We also needed to have a targeted marketing and market segmentation plan. The alumni pool was segmented into four age ranges (based on the demographics of our constituents) and a donor giving and multichannel marketing plan was created. Web-based marketing strategies allowed for the expansion of Michigan Tech's reach very cost-effectively, while reserving

*See ENGAGING: Page 8*

**The major gift model was based on 49 attributes.**

## READER REACTION

I recall reading my first issue of Planned Giving Today years ago as a young fundraiser at Franklin College (ironically, now a client of mine). I recall thinking then how cool it would be to write an article that might be on Page 1, and now you've made that dream come true! [Editor's note: See "The Business Office and Planned Giving: Compatible or Combatable?" in the August 2018 issue.] Thank you for all that you do to support our profession and our dreams.

*— Melanie J. Norton, Founder, Norton Philanthropic Counsel, Indianapolis, Indiana*

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**Constituents were further segmented.**

**ENGAGING** *continued from Page 7*

the largest part of our budget to interact with those mostly likely to make six-figure and higher major outright or planned gifts.

To meet the needs of all alumni/donors across the continuum, constituents were further segmented into age and nonage groups with immediate attention focused on the four age ranges and goals for each.

- Ages 65 and above: *Call to Action* (major gifts, planned gifts, and life income gifts expected sooner rather than later)
- Ages 51 to 65: *Education* and *Call to Action* (increased mid-level annual gifts and some major and planned gifts)
- Ages 35 to 50: *Awareness* and *Education* (mid-level annual gifts and occasional major and planned gifts)
- Ages under 35: *Awareness* (annual gifts)

The nonage segments identified graduate school alumni, undergraduate school alumni, international alumni, women, friends, and entrepreneurs/business owners.

As a donor goes through the four age groups, those with financial capacity and an interest in major outright and planned gifts will be identified for immediate interaction with an advancement officer.

Michigan Tech's primary goal is to first reach those who are most likely (and have the capacity) to make a major gift, and the great wealth transfer is top of mind and frequently discussed by gift planners. The first market segmentation and targeted campaign we launched was a bequest campaign designed with the assistance of Crescendo Interactive. It informed and increased the number of legacy supporters and engagement with potential bequest donors to fill the pipeline. The bequest campaign had its own landing webpage, highlighted six existing bequest donors of varying ages (33 to 85), and featured a variety of planned gift techniques. The campaign, which ran for six weeks, included e-blasts, Facebook and Facebook-sponsored posts, an estate-planning seminar, and a print newsletter.

### Outcomes

Tech was able to make geographic advancement officer reassignments resulting in focused and cost-effective travel. We also initiated the sesquicentennial donor model for engaging future generation of donors, including status codes for engaging alumni based on their likelihood of type of gift.

Our bequest campaign resulted in 478 quality interactions and 163 self-identified and qualified donors who are ready for conversation with an advancement officer.

We have a donor lead process for advancement officers. Donors can self-identify through a variety of ways, including email and in-person requests, or by using the online gift calculator. These actions are assigned codes, which are then uploaded to the donor profile, increasing their visibility in the prospect pool.

We see a significant number of vetted prospective donors for discovery, including 734 in the major gift category, 143 for planned gifts, and 251 set for engagement.

This article is based on activity in 2015 and 2016. Subsequently, the gift planning and advancement research office has grown from four members to eight and now includes a research analyst, an engagement officer, and a junior advancement officer.

We have added new predictive models, a MarketSmart donor survey in 2017, and further analyzed the capacity of our donor pool. Our marketing outreach has increased, and we've modified our e-communications with more segmentation and targeted marketing (especially charitable IRA rollover, gift annuity, and gifts of stocks campaigns). Finally, we are offering customized donor proposals through Crescendo.

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