



# How Small Shops Can Maximize Major Gifts Work

Five insights on how to expand capacity for major gifts fundraising

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**RECOMMENDED FOR**

Leaders of small hospital foundations and development departments

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**READING TIME**

**25 min.**

# Executive summary

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Small health care fundraising teams (small shops), like all fundraisers, need to focus on major gifts as their primary source of revenue. However, small shops face structural obstacles to investing time in one-on-one relationship-building with donors.

Small shops can make space in their workflows for major gifts efforts. High-performing small shops make a strategic commitment to major gifts fundraising, especially relative to investment in special events and make their individual asks of consistent donors as comprehensive as possible. These small shops build an infrastructure that is designed to support major gifts efforts—one that includes sufficient operational support, high-leverage involvement of executives, and integrated strategic planning that links major gifts to specific funding objectives.

This report details five insights into how development leaders can achieve these goals and unlock the value of major gifts fundraising in a small-shop setting.

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- ▶ Overcoming small shops' unique obstacles to major gifts fundraising

# Small shops struggle to spend time one-on-one with donors

## Structural obstacles distract from major gifts fundraising activities

Leaders of small shops—that is, health care fundraising teams with fewer than 10 full time equivalents (FTEs)—want to invest more of their teams’ time and resources in one-on-one donor cultivation. These leaders recognize the value in building relationships with individual major gift donors, and they have closed large gifts for their organizations.

However, many small shops struggle to fit one-on-one donor interactions into their teams’ workflows. All fundraising teams want to devote more time to individual donor relationships, but small shops must also overcome structural obstacles to major gifts work.

Three major constraints on small shops soak up essential time and resources that could be more productively deployed toward major gifts fundraising.

### Small shop realities create roadblocks to major gifts cultivation



#### *Events consume disproportionate attention*

Many small shops rely on events for a significant portion of their revenue, even though the inefficiency of events is well established. Still, some FTEs spend 75% or more of their time on events. In a four-person shop, that means focusing nearly 20% of all development staff hours on the lowest-return fundraising activity.



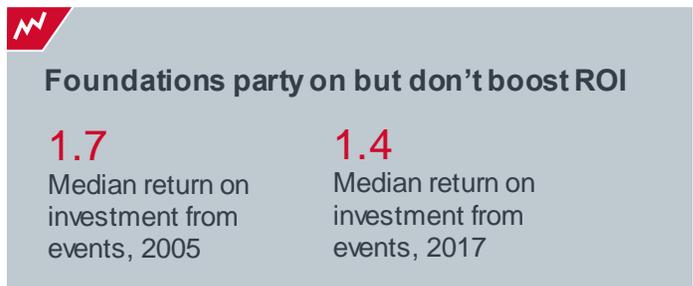
#### *Back-office tasks fall to frontline staff*

Essential functions of gift processing, data entry and analysis, and internal grant and fund management invade the workflow of frontline staff because of limited staffing. Frontline fundraisers can’t spend time on new gifts if they are processing gifts already closed.



#### *Development executives have time-consuming non-fundraising roles*

In many small shops, everyone wears more than one hat—including the fundraising executive. This individual is usually hired for fundraising skills, but is tasked with a host of other responsibilities.



**“Back-end work essential, time-consuming**  
“Even for someone like me who knows the system, today **it took me almost four hours to process 27 checks.**”  
*Foundation Executive Director  
Hospital in the Southeast*



# How small shops can maximize major gifts work

## Create space and build infrastructure for one-on-one donor cultivation

The resource constraints on small shops demand trade-offs in favor of major gifts work. Simply trying to do more work is not a realistic way to get the most out of the staffing and donor opportunities that small shops have.

Small shops need to reallocate time from low-return or duplicative activities toward major gifts and build the infrastructure to support major gifts efforts, both on their teams and with their CEO.

This goal of this report is to help small shops address the unique challenges they face in effectively developing relationships with major gift donors—a strategy that can improve both the efficiency and productivity of fundraising.

This report details five insights into how to achieve that aim.

### Five insights on how small shops can expand their capacity for major gifts work

-  **1 Commit to major gifts over events.**  
Eliminate and consolidate events to free up time and resources.
-  **2 Hire back-office staff to expand frontline capabilities.**  
Unleash frontline staff to do frontline work.
-  **3 Tighten strategic planning around major gifts.**  
Map specific major gifts activities onto strategic priorities and assess results.
-  **4 Overinvest in onboarding your CEO to fundraising.**  
Curate easy wins to encourage participation.
-  **5 Consolidate asks of loyal donors.**  
Incorporate breadth of donor interests into a single, comprehensive ask.



▶ Five insights on how small shops can expand their capacity for major gifts work

1. Commit to major gifts over events
2. Hire back-office staff to expand frontline capabilities
3. Tighten strategic planning around major gifts
4. Overinvest in onboarding your CEO to fundraising
5. Consolidate asks of loyal donors

# Eliminate and consolidate a time-consuming slate of events

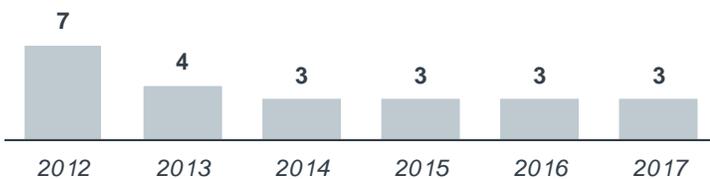
## Elevated focus increases event productivity

Small shops must rightsize their investment in events relative to their potential return. Events are time-consuming, expensive, and limited in their ability to generate long-term donor relationships—which most small shop leaders readily admit. The time has come for small shops to stop making excuses about why their events are special or politically inviolable and start changing their approach.

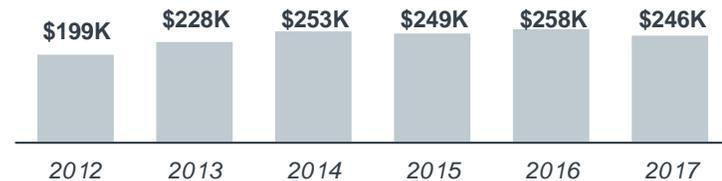
**Union Health Foundation**, a 4-FTE shop in Terre Haute, Indiana, began a strategic shift from an events-heavy fundraising emphasis toward major gifts in 2012. Union didn't simply stop doing events. Instead, they made events more effective by carefully scoping who attends and why. These considerations led them to eliminate or consolidate events. Combining separate events into a single gathering is a more efficient use of time—and can actually be more productive.

### Union Health Foundation Event Performance, 2012-2017

Number of events



Annual event revenue



Union cut their number of events from seven in 2012 to three by 2014. Despite holding fewer events, they consistently generate about 25% more revenue than they did in 2012.



### Prioritize events that have outlived their productivity for elimination

Union first pared back events that simply didn't justify the investment of time and resources. The functions and attendees of these events were consolidated into Union's annual gala:



Annual dinner had **small attendance and minimal ROI.**



Awards ceremony did not require its own event and **could be folded into a larger event.**

Source: Union Hospital Foundation, Terre Haute, IN; Philanthropy Leadership Council interviews and analysis.

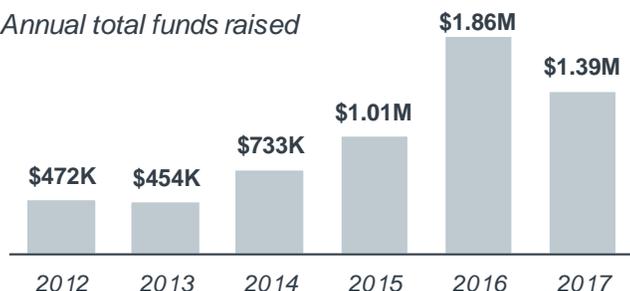
# Increase productivity and efficiency through major gifts focus

## Use newly acquired bandwidth to focus on individual donor activation

Since 2012, Union has more than doubled their annual fundraising production while completing a \$2.1 million inpatient hospice campaign. And they have become significantly more efficient.

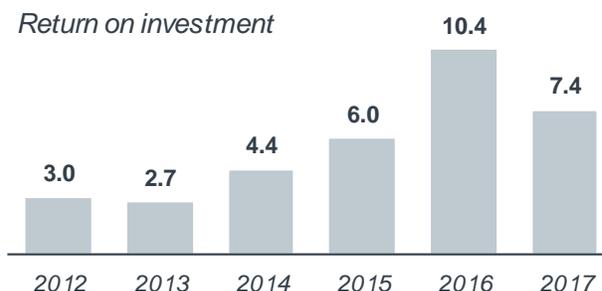
### Major gifts emphasis pays off...

Annual total funds raised



### ...and produces dramatic improvement in ROI

Return on investment



Union's overall return on investment (ROI) reflects their emphasis on higher-return fundraising activities. ROI in 2017 was more than twice ROI in 2012—largely reflecting the growth in revenue from gifts instead of events. In 2012, events accounted for 42% of Union's \$472K in revenue. In 2017, events accounted for only 18% of Union's nearly \$1.4 million in revenue.

## Three keys to cut down and consolidate a slate of events

Most health care organizations that have made the shift to emphasizing major gifts still hold special events. However, these organizations have progressively shed underperforming events that they could not leverage as milestones in building relationships with individual donors.

### 1 Keep focus on **donors**

Use changes in your event calendar to avoid “beating up on donors and sponsors.” Two events that consistently tap the same base of supporters are good choices for consolidation.

### 2 Consolidate **over time**

The transition from events to major gifts is not like throwing a switch. Ease into the change by combining similar events and phasing out those with poorest attendance or performance.

### 3 Prioritize events that tell **your story**

Curate remaining events so they can be strategically leveraged to build relationships and share compelling stories about your organization with a specific audience.

Source: Union Health Foundation, Terre Haute, IN; Philanthropy Leadership Council interviews and analysis.

# Move from a culture of events to a culture of philanthropy

Communicate the superior value of major gifts—and how events can support that



## Data makes the case against overinvestment in events

Small shop leaders report that the most effective case to executives and board members against events-focused fundraising is data from their own organizations, specifically:

- Trends in the performance of your organization's events:
  - Has event revenue stagnated?
  - How well-attended is the event?
  - Does the event still serve a strategic purpose for philanthropy?
- Net revenue from events:
  - How much cash does an event provide to the hospital?
  - How heavily does an event rely on a single sponsor?
- Time and resource investments:
  - How many staff hours go into a successful event?
  - How could that staff allocation be put to more productive use?



### Related Resource

#### Ready-to-use presentation

#### [How to use events to build long-term donor relationships](#)

See how fundraisers can use events to support cultivation and stewardship, instead of simply holding one-off social events. (available on [advisory.com](#))

# Unleash frontline staff to do frontline work

## Operational necessities can prevent frontline staff from fundraising

Most small shops already have frontline fundraisers who are not working at top of license, often the foundation president or similarly titled philanthropy executive. Instead of working with donors, these executives have to spend on tasks like gift processing, fund administration, and database management.

The quotes below are representative of small shops' challenges in getting fundraisers out of the office and in front of donors:



### Small shop fundraisers not working at top of license

"I was hired for my relationship skills, but **75 to 85 percent of my time is spent on administrative tasks.**"

*Foundation Executive Director  
Hospital in the Midwest*



### Major gifts work is often first casualty of resource constraints

"I'm working 70 hours a week to get it all done. I don't have trouble doing things that have a hard deadline. **What gets pushed off is making connections with major gift donors.**"

*Foundation Executive Director  
Hospital in the Southeast*

Back-office tasks invade frontline fundraisers' workloads because those tasks are elemental to a functional fundraising shop. While adding additional fundraisers has intuitive appeal as a way to improve philanthropy performance, adding additional frontline fundraisers to this situation exacerbates the problem of having too little support staff. More gift officers create more work to manage gifts and relationships than before.



#### Related Resource

#### [Sample support position job descriptions](#)

See how small shops are designing and promoting essential back-office roles to job candidates. (available on [advisory.com](https://www.advisory.com))

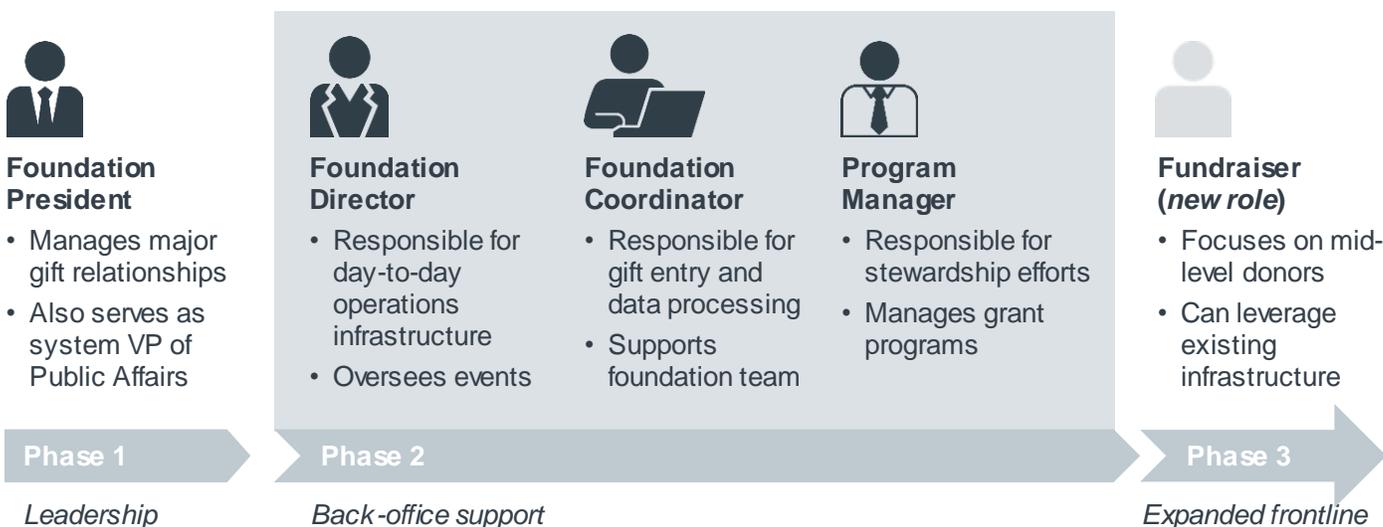
# Support staff provide necessary leverage for front line

Investments in infrastructure are key to overall and individual productivity

**Boulder Community Health (BCH) Foundation**, a 3.5-FTE shop in Boulder, Colorado, deliberately prioritized operational infrastructure in how they built out their staff. As in many other small shops, the foundation president is responsible for relationships with major gift donors, but also serves in a non-philanthropy role in the hospital (VP of Public Affairs). Investing in support staff frees him to be as productive as possible in both of his roles, without having to step in to complete operational tasks.

## Support-first staffing emphasis builds high-performing shop

*Boulder Community Health Foundation invests in support and frontline staff*



The foundation director is responsible for day-to-day operations (and also events), and a program manager is tasked with cultivation, stewardship, and grants. BCH plans to further leverage these investments by adding an additional fundraiser to focus on mid-level donors.

The BCH Foundation is lean, but its performance demonstrates how important operational support behind a single de facto major gifts officer (in this case, their foundation president) can be. BCH Foundation has raised \$7.45 million (toward an \$8 million goal) for a campaign to expand behavioral health services. They are one of the highest performing small shops in our Performance Benchmarking Initiative cohort. BCH performs in the top decile for ROI and top quintile for total dollars raised. All of their top five largest gifts in FY2017 came from individual donors.



Source: Boulder Community Health Foundation, Boulder, CO; 2018 Philanthropy Performance Benchmarking Initiative; Philanthropy Leadership Council interviews and analysis.

# Link fundraising plans to specific priorities and activities

## Small-shop plans for major gifts are often disconnected from funding initiatives

Strategic planning is a prerequisite for success. However, strategic plans often fail to provide a complete roadmap for achieving small shops' aims, especially for increasing major gifts. The Philanthropy Leadership Council reviewed six strategic plans that small shops submitted for review. Most of them effectively laid out a clear overall mission and detailed both specific funding priorities and fundraising activities, but all of them fell short in at least one of two ways.

### Two ways small-shop strategic plans fall short for major gifts

- 1 Small shops fail to effectively integrate their strategic planning for top funding priorities with their planning for major gifts
- 2 Small shops don't have clear plans for evaluating major gifts performance and goals.

The following guidance can help shape an effective strategic plan that elevates and leverages major gifts to achieve strong fundraising performance.

### Map major gifts activities to strategic priorities

Use the funding priorities identified in a strategic plan to guide the specific major gifts activities your organization will need to prioritize. Too often, strategic plans lay out parallel but largely disconnected plans for top priorities to take to donors and the major gifts work they know they need to do.



Such specificity in how funds will be raised for top priorities may seem unnecessary, especially in a comprehensive campaign where all funds raised support a single initiative. However, the strategic priority itself may dictate which activities need to be prioritized. Those with known donors and prospects require a focus on cultivation and solicitation. Priorities without such a pool of potential donors require more work on pipeline building. These activities should be captured in the foundation's strategic plan.

### Top priorities guide major gifts strategies

Details of strategic funding priority

 Priority has donors with known affinity or history of giving



Translation to strategic major gifts work

 Emphasize **cultivation and solicitation tactics**

 Priority has no donors with known affinity or is new and/or unfamiliar



 Emphasize **identification and qualification** for this priority

# Determine ahead of time how and when to assess results

## Reflect long-term nature of major gifts work in planning and assessment

Strategic plans of small shops typically include specific goals and measurements of performance. However, the plan's focus is almost always on production. While production is the ultimate goal of major gifts efforts, there are important intermediate steps that should not be ignored as a major gifts program grows and matures.

Small shops should also track those activities that will have the greatest impact on productivity. The Philanthropy Leadership Council's research into major gift officer productivity determined three key measures that will help shape overall performance of a major gifts program.

### Track three specific major gifts activities to improve performance



#### Number of qualification visits with new prospects

The top-performing major gift officers start more new relationships than their peers. They are qualifying more new prospects, rather than spending time with existing donors.



#### Total number of visits per major gifts officer

Measuring total visits and total asks provides visibility into the efficiency of your major gifts efforts. Top-performing gift officers advance prospects more efficiently, taking less time to make a solicitation. On average, the top 25% of gift officers require 7 visits before making an ask, while the bottom 25% require 14 visits.



#### Total number of asks per major gifts officer

Consistent measurement over time is essential for assessing program performance—and it points to the need for back-office support (see p. 10) to help a development leader or major gifts officer keep up to date on activity tracking.



#### Related Resource [Engineering the Major Gifts Enterprise](#)

This research report uses survey data to isolate the three most productive behaviors of the industry's top MGOs. It provides practical guidance for fostering these behaviors at your organization. (available on [advisory.com](#))

# The CEO is your first (and best) philanthropy ally

## Educate CEOs unfamiliar with fundraising

The hospital or system CEO is a small shop's first, best ally. Executive engagement is important for fundraising teams of any size, but small shops must leverage their CEOs' outsized influence on their organizations and communities.

### CEO provides the biggest bang for small shops' engagement buck

*Factors that favor CEO engagement efforts*



#### Known

Small shops don't have to sift through potential allies looking for a champion. **CEOs are visible** to development teams and others.



#### Influential

CEOs in small organizations have **more clout within their organizations and communities** than CEOs in larger organizations.



#### Credible

CEOs provide credibility with donors and potential allies—**especially for small shops with no known philanthropy presence** in the hospital.

CEOs, like many outside the foundation or development team, can be squeamish about taking on a fundraising role. Although they have likely built a broad understanding of and visibility into all of the operating functions of the hospital, their familiarity with the practice of fundraising is often negligible.

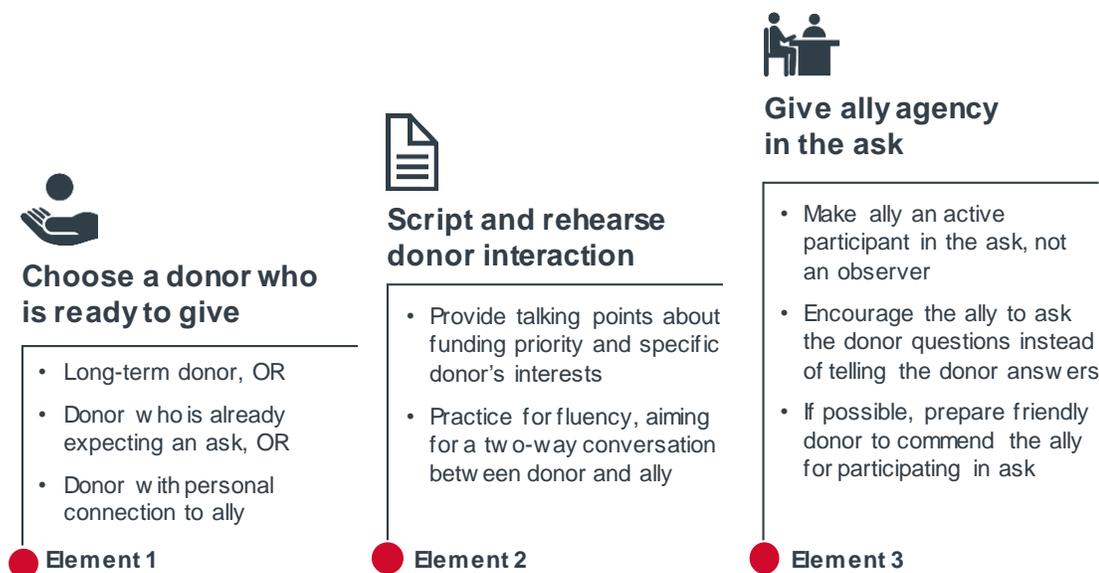
To demystify donor interactions for them—and to set up future participation—ensure that executive allies enjoy early success by curating an “easy win.”

# Curate easy wins

## Encourage ongoing participation with initial robust prep for a ready donor

Most philanthropy allies have little or no training or experience with major gifts fundraising. Even if they support the development team's efforts, they are likely to be unfamiliar with a role like "solicitor-in-chief." Starting with an "easy win" can get them on board with the fundraising mission. This often means simply letting a CEO walk a solicitation across the finish line, after the philanthropy team has already done the majority of relationship-building and cultivation. To leverage these successes for future ally participation, development staff need to provide effective scripting and rehearsal for allies before they engage in donor interactions.

### Elements of an "easy win" for philanthropy allies



Small shop leaders can engineer eye-opening donor interactions with top allies, like their CEO. These initial tastes of donor relationship-building can not only help allies understand the demands on development professionals but also prime allies for further, more influential participation.

The executive director of **Numenor Foundation**, a pseudonym for a 3-FTE shop in the Northeast, worked to acclimate their system CEO to frontline participation in fundraising through incremental steps, as detailed above. The success of early efforts to close gifts established significant momentum for the CEO, who went on to make asks of \$100,000 from physicians. The CEO also facilitated a \$1 million solicitation of an individual donor—which included a "brainstorm" between the donor and CEO about how the potential gift could be put to its best use.

# Make comprehensive asks to save time and reduce fatigue

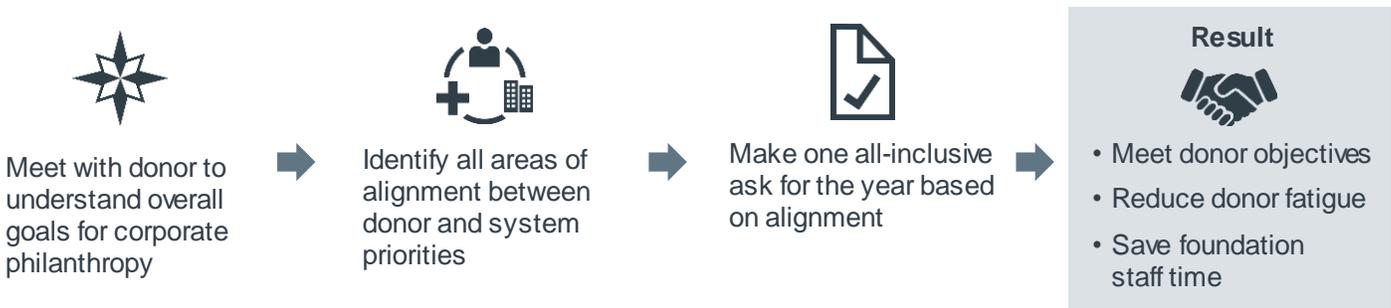
## Broaden your view of donor interests, narrow your number of asks

Small shops can also maximize time and resources by streamlining the asks that they make of donors. Many small shops rely on the loyal support of a limited number of donors—both corporations and individuals. In some cases these donors are solicited for multiples initiatives across the year: events, annual giving, capital projects, etc. Making repeated asks of the same donors is both duplicative of the foundation’s efforts and potentially off-putting to the donor.

**Johnston Health Foundation**, a 2.8-FTE shop in Smithfield, North Carolina, streamlined its cultivation and solicitation process with its donors, corporate partners, and sponsors so they receive only a single ask each year. But rather than simply choosing which priorities the foundation would bring to specific donors, the foundation makes a deliberate effort to find as many points of alignment between the donor’s ambition for their philanthropy and the opportunities that the hospital can offer.

### 360-degree perspective streamlines giving process for foundation and donors

*Example of 360-degree cultivation and solicitation process for corporate donors*



The 360-degree approach requires a significant investment in planning. In addition, the foundation tries to include a volunteer community leader with established connections to the donor or fundraising priority in question.

The approach is worth the initial investment because of time saved across the year and the positive response of donors.

**Donors respond strongly to all-in asks**

**40%**  
21 all-in asks closed out of 52 made

**\$297K**  
Funds raised from all-in asks

## ▶▶ Key takeaways

### Insights on how small shops can expand their capacity for major gifts fundraising

The greatest opportunity for small health care fundraising teams to improve efficiency and productivity is in creating more capacity for major gifts cultivation. However, small shops face unique structural obstacles to doing more major gifts work.

Below is a summary of key takeaways on how successful, growing, major-gifts-focused small shops have met these challenges.

#### Overcome small shops' obstacles to building major gifts relationships

##### **1** Commit to major gifts over events.

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Small shops must rightsize their investment in events relative to their potential return. Eliminating and consolidating events not only frees up more time and resources for working with individual donors, but can also give remaining events the focus they need to be even more productive.

##### **2** Hire back-office staff to expand frontline capabilities

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Back-office tasks invade frontline fundraisers' workloads because those tasks are elemental to a functional fundraising shop. Prioritizing operational infrastructure in building the development team allows even a single frontline fundraiser to focus on high-leverage, high-return major gifts work.

##### **3** Tighten strategic planning around major gifts

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Small shops' strategic plans integrate planning for top funding priorities with their planning for major gifts. The shops must also have clear plans for evaluating major gifts performance and goals.

##### **4** Overinvest in onboarding your CEO to fundraising.

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CEOs are small shops' first, best ally because of their built-in visibility, influence, and credibility with donors, clinicians, and other executives. Pave the way for long-term CEO participation in fundraising by teeing up easy wins for them with donors.

##### **5** Consolidate asks of loyal donors.

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Many small shops rely on the loyal support of a limited number of donors who are solicited for multiple initiatives across the year. Save time and reduce fatigue by presenting these donors and corporations with a single, comprehensive ask that incorporates all of the events and priorities that align with their interests.

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