

## CHAPTER THREE

# INTENTIONAL STEWARDSHIP AND PHILANTHROPY

*Developing programs that attend to the eight behaviors exhibited by donors as they move toward their highest level of philanthropy provides the focus for intentional stewardship activities. Evaluating the efficiency and effectiveness of stewardship efforts based on the behaviors becomes a rational practice. Enhancing and promoting stewardship activities to increase donor response are therefore critical goals of advancement management.*

Fundraising is big business, and a prospering one. *The Chronicle of Higher Education* and *The Chronicle of Philanthropy* report regularly on increasing trends in endowment support, annual giving, and corporate and foundation sponsorship. Donor-advised funds have become a popular vehicle for philanthropy, and investment in these funds has grown steadily. Emerging foundations in the philanthropic marketplace target giving to specific areas of concern that are important to the philanthropists who establish them.

Sustaining strong support and increasing fundraising numbers is vital to the continuing operation of nonprofit organizations of all sizes.

Nonprofit organizations routinely develop comprehensive fundraising campaigns every five to ten years, and goals in the millions and billions are not unusual. Faith in big numbers is not misplaced considering the news of seven-, eight-, and even nine-figure gifts. The challenge of maintaining support against a rising tide of new nonprofit organizations becomes a pressing concern for existing nonprofit organizations. Intentional stewardship can be an essential part of that effort.

Conventional programs of stewardship and donor relations in the nonprofit world are based on the assumption that the most likely supporter is the person who already has made a gift and that appreciation for philanthropy is simply good manners. Emphasis is placed on the acknowledgment of gifts in the form of personal letters, to be signed by an executive or a volunteer leader; reporting on endowment funds; and recognition events—such as dedications; opportunities to bring donors together with those who benefit from their gifts; and occasions at which donors are thanked as a group. Related to these activities are clerical duties, such as managing gift agreements that establish endowments, and tracking endowment income and dispersal. The stewardship officer often serves a pivotal role between marketing giving opportunities in the development office and negotiating and enforcing the use of funds on campus.

Creating a climate of intentional stewardship begins by defining ways to move donors to continue to support organizations and to allocate resources accordingly. Getting it right means streamlining processes, but it also means bringing out the best in donors to enhance and extend their philanthropy. A good stewardship program, therefore, seeks to promote eight key behaviors among donors:

- Giving regularly
- Giving to priorities
- Giving in usable ways
- Giving to capacity
- Feeling recognized
- Agreeing to participate
- Spreading the message
- Bringing others along

Managing stewardship to promote these eight donor behaviors is a fundamental component of implementing a program of intentional stewardship. What are the characteristics of each behavior? How is the institution organized to advance each behavior? What institutional programs increase these behaviors? How can the effort to manage and evaluate programs be coordinated in order to support these behaviors?

Efforts to advance these eight donor behaviors in support of a non-profit institution are an indication that the statements of the Donor Bill of Rights have been translated effectively within the organization and management of a nonprofit organization. There is a published mission statement, a program and constituency, a strong board of trustees, financial reporting, adequate recognition of philanthropy, and respect for privacy. The principles of intentional stewardship apply in extending the philanthropic actions of donors through good management of staff and the distribution of resources based on measurable outcomes. The easiest approach to developing an understanding of the behaviors is to consider each one separately.

### Giving Regularly

Donors must be reminded often of the value of their giving and invited each year to continue to contribute. Soliciting regular giving to a non-profit organization helps to solidify the commitment of donors and sustain progress toward giving to their highest level of philanthropy. A well-developed fundraising program that is based on the strategic plan of the organization and that includes support for current use, endowment, planned giving, and capital efforts is the best way to ensure that donors make recurring financial donations.

The strategic communications committee and the strategic solicitation committee have an important collaborative role in promoting the program for encouraging donors to give regularly. Staff and volunteer solicitors—those who manage relationships—will most likely have a significant assignment for this aspect of philanthropic behavior. A large part of the program, however, can become the responsibility of the communications office. Direct-appeal letter and phone programs, which bring

in substantial contributions to nonprofit organizations, are basically message-delivery systems. The expertise for organizing direct appeals might reasonably be found in the communications office, where strategic communications planning is well-established. The communications team is also likely to be responsible for case statement development and all other printed, Web-based, and event-based efforts to secure regular contributions from donors. In this way, solicitors, whose strength is in relationship management, have more time to spend in conversation with donors about their giving.

### Giving to Priorities

The needs and requirements of the nonprofit organization are communicated to the donor through the statement of fundraising priorities developed from the strategic plan. Donors can learn to give to priorities when relationship managers help them match their interests with the most important initiatives of the organization. Through the conversations of the fundraiser with the donors, the donors become stewards of organizations and organizations can more readily steward donors who have given to the established priorities.

Responsibility for developing and implementing priorities is tied into the chain of command of a nonprofit organization. The executive officers of organizations develop a strategic plan from which they derive the fundraising priorities. The chief fundraising officer delivers the fundraising priorities to the fundraising staff and works with the fundraising and communications managers to develop a fundraising plan and an attendant communications strategy. This plan is in turn communicated to the entire advancement staff, and adherence to the priorities is monitored through the solicitation strategy committee. Communications—brochures, case statements, events, and recognition—are scheduled and monitored by the strategic communications committee. Any divergence from the priorities must be considered by the gift-acceptance committee. This bureaucratic process is important to ensure a clear message about the priorities and to preclude accepting gifts that cannot be used or that require altering or revising the mission. The process demonstrates the integrity of a nonprofit organization, its

trustworthiness, and its respect for donors who want to be assured that only gifts that can be used as intended will be solicited and accepted.

### Giving in Usable Ways

Philanthropy is critical to the efforts of any nonprofit organization to achieve its mission, but gifts that cannot be converted to program support are of little value to the enterprise. Gifts are usable when they are directly related to the priorities of the nonprofit organization at any given time. Encouraging donors to give in usable ways begins with the statement of priorities, against which the usefulness of gifts can be measured by the gift officer, even as donors are making suggestions.

Gift-acceptance policies and procedures, managed by the gift-acceptance committee, protect donors and organizations from philanthropy that is not applicable to program needs. Well-developed, current rules for gift acceptance provide donors with a clear understanding of how their interests and inclinations to give can be translated into action for the nonprofit organization. The rules for gift acceptance must be in place before solicitation occurs to provide a platform for solicitors in considering gift suggestions from donors that might be questionable.

Non-monetary gifts, such as gifts of property, must be carefully considered before being accepted, unless they can be converted to cash for expenditure. Gifts of equipment may be appropriate for a new building; art work may be acceptable as gifts to a museum or to enhance new and existing structures. The gift-acceptance committee has a role in understanding the value of the non-monetary gift before it is accepted, although the committee cannot appraise gifts of property.

A plan for campus, facility, and landscape management can help manage the wishes and expectations of donors for giving plant matter, furnishings, or benches or other outdoor furnishings. In this way, desires of donors can be met but within the context of the organizational plan. Philanthropy is not served when memorial plants die because they are inappropriate for a particular environment, when the cost of maintenance adds to a conservative budget, or when furnishings are unsuitable for the proposed use or placement.

Assuring that donors feel appreciated for gifts is the responsibility of those who process receipts and acknowledgments. If an unconventional gift of property is accepted, there may be a role for the program or prospect manager to report occasionally on how the gift is being used. Finally, donors who are interested in contributing equipment or furniture or works of art might be encouraged to participate as well in the current-use, unrestricted fundraising program as a means of establishing a cash-based philanthropic relationship.

An important assignment for the stewardship working group in encouraging usable giving might be to review gifts that are already within an organization but which are not being used or incompletely used. The stewardship working group can proceed in this manner:

- Identify endowment gifts with large incomes available but not fully distributed
- Identify gifts other than money that are not in use
- Organize gifts according to type and review gift conditions
- Establish the reasons why the gift is not used
- Recommend actions to activate the gift
- Brief the fundraiser on a strategy for changing a gift designation or otherwise seeking to have it used

### Giving to Capacity

Prospect managers and volunteers who carry the message and develop relationships with donors are on the forefront in helping donors reach their highest level of philanthropy. There is no doubt that the strongest stewardship effort is conducted by those who act as relationship managers, assisting donors to give to capacity. During personal meetings, donors clarify their preferences, interests, and inclinations, and solicitors interpret or place them in the context of the priorities of the nonprofit organization.

To promote giving to capacity, stewardship activities must be organized to create opportunities to identify budding philanthropists among the pool of donors and develop targeted recognition and cultivation to foster cumulative giving. Collaboration among all areas of the nonprofit organization is the only way to promote giving to capacity.

Table 1 shows how donors might be evaluated in relation to their movement toward their highest level of philanthropy and how organizations might respond to bring them to their highest level of philanthropy. The table organizes the status of donors in segments according to the number of behaviors they exhibit and uses that distribution to determine the allocation of stewardship resources. The purpose of segmentation is to focus the work of stewardship on moving donors to the next level of philanthropy until they reach their giving capacity. For example, donors who are described as Organizing might receive limited stewardship that can be managed through production-based activities rather than individualized programming. Donors who have made some substantial gifts—for example, establishing an endowed fund—but who do not give regularly and seem unlikely to contribute further, can receive adequate stewardship through communications vehicles such as booklets and production-based endowment reports.

Table 1: Behavior-based Resource Distribution

DONOR STATUS	DESCRIPTORS	DONOR BEHAVIORS	STEWARDSHIP GOAL	RECOGNITION
Integrating	Smallest group (5 percent of prospects); account for 80 percent of giving  Allocate 15 percent of stewardship resources <sup>1</sup>	Gives regularly; gives to the priorities; gives in usable ways; gives to capacity; feels recognized; agrees to participate; spreads the message; brings others along	Reward; reinforce commitment; extend feeling to others; build affiliation	Naming ops; board membership; visits to/from president; special duties; use of the institution; committees; acknowledgment; listings
Engaging	Small group (10 percent of prospects); account for 10 percent of giving  Allocate 20 percent of stewardship resources <sup>2</sup>	Gives often; gives to the priorities; feels recognized; agrees to participate; spreads the message; brings others along	Reward; reinforce commitment; engage in the life of the institution; build affiliation	Group visits; participation in events; select publications; use of institution; committees; acknowledgment; listings
Connecting	Small group (15 percent of prospect pool); 7 percent of giving  Allocate 15 percent of stewardship resources <sup>3</sup>	Gives often; gives to the priorities; feels recognized; agrees to participate	Strengthen connection; raise sights; build affiliation	Group visits; select publications; acknowledgment; listings
Responding	Medium-sized group (20 percent of prospect pool); 2 percent of giving  Allocate 20 percent of stewardship resources <sup>4</sup>	Gives intermittently; gives to the priorities; feels recognized	Strengthen connection; build continuity of giving	Acknowledgment; annual report; select publications; phone calls; visits

<sup>1</sup> This group is self-stewarding. They are committed to the institution and will remain loyal and philanthropic unless alienated in a fundamental, trust-related way—inaccurate receipts; names consistently spelled incorrectly, etc. While they may be the focus of high-level events to celebrate their large gifts to fund directorships or buildings, for example, the events can be amortized downward to cultivate those who are Connecting and Engaging.

<sup>2</sup> This group might require more targeted recognition to bring them along to the level of integration.

<sup>3</sup> Majority of resources will be allocated to passive communications and gift officer visits.

<sup>4</sup> Majority of resources will be allocated to passive communications, direct appeals, alumni and alumnae affairs outreach, and programs. Expense will be high in relation to return, and majority of resources will come from communications, which are inherently expensive.

The stewardship working group has a role in using resources wisely to bring donors along in their giving. The segmentation presented in Table 1, for example, might be applied to the standard program of scholarship stewardship, as outlined in Table 2. This segmentation leads to the distribution of stewardship activities according to the layer cake model, discussed in Chapter Two. Donors to scholarships would be considered in terms of their overall giving, rather than only in terms of their scholarship giving.

Table 2: Behavior-based Resource Distribution for Endowed Scholarship Funds

DONOR STATUS	DESCRIPTORS	DONOR BEHAVIORS	STEWARDSHIP GOAL	RECOGNITION
Integrating	Smallest group of donors who established the scholarship and other endowments; actively supports the organization in all ways	Exhibits all behaviors	Reward; reinforce commitment; extend feeling to others; build affiliation	As below and assigned student; visit student on campus; participate in select campus event with other donors and scholarship students; volunteer leadership for scholarship campaign
Engaging	Small group of donors who established the scholarship; interested parties and relatives who actively support the organization in other ways	Gives substantial unrestricted, current-use money every year; has capacity to establish additional endowments; participates in reunions, events; planned giving prospect	Reward; reinforce commitment; engage in the life of the institution; build affiliation	As below and visit gift officer; invite to campus; correspondence; list for volunteer-hosted events
Connecting	Small group of donors who established the scholarship; relatives or interested parties who have supported the organization	Gives regularly in response to stewardship report; Gives current-use, unrestricted money every year	Strengthen connection; raise sights; build affiliation	As below and visit by gift officer

DONOR STATUS	DESCRIPTORS	DONOR BEHAVIORS	STEWARDSHIP GOAL	RECOGNITION
Responding	Medium-sized group; may have established scholarship that is now below principal value for establishing scholarship; may be interested relatives or others who have a tangential relationship to the nonprofit	Gives sporadically in response to the stewardship report	Strengthen connection; build continuity of giving	As below
Organizing	Largest group of scholarship donors; may be relatives or interested parties who did not themselves create or contribute to the scholarship	Gave once to establish the scholarship but has made no other contributions; does not participate; does not know or subscribe to the mission	Continue connection	Send production-based report on endowment giving; report on principal, market value, income; general information about all recipients of scholarships

Assuring that donors give to their highest level of philanthropy is an advancement-wide responsibility. The solicitation strategy committee and the communications strategy committee have the most immediate responsibility for preparing messages for likely donors and keeping donors in line for solicitations that reflect their interests and inclinations.

Record keeping is the responsibility of gift accounting and biographic records. Slotting the donors into the segments is the responsibility of the technology staff. Stewardship for donors who are considered Engaging, Connecting, Responding, and Organizing is the responsibility of the communications office. Stewardship for donors Integrating, Connecting and Engaging is the responsibility of the solicitors. Special stewardship efforts can be considered for Engaging and Integrating donors, either by stewardship officers, through the communications office, or by gift officer staff.

## Feeling Recognized

Receiving and acknowledging gifts provides immediate, tangible recognition to donors for their philanthropy. It is also the only form of recognition that is mentioned in the Donor Bill of Rights. Additional correspondence that extends the message of how important gifts are used and describes the impact of the philanthropy on achieving the mission of the nonprofit can increase the sense of recognition that donors feel. Additional programs and activities that advance donor recognition can be useful, but are best applied as leverage in moving donors further in their philanthropy or in recognizing their promotion of philanthropy among others.

Managing advanced recognition of donors—through events, plaques, and other fixed devices—is among the most important roles to be played by those who conventionally have been called stewardship officers. Organizing recognition beyond acknowledgment demands creativity, attention to detail, and coordination among a number of programs and staff. The stewardship working group can take a lead role in organizing special stewardship, in conjunction with the communications strategy committee.

While opportunities to recognize donors may present themselves unexpectedly, it is best to schedule special recognition through the communications strategy committee as a part of the regular communications calendar. Thinking strategically about special stewardship recognition may require the following steps, managed and implemented jointly through the stewardship working group and the communications strategy committee, and reflective of the categories established in Tables 1 and 2:

- Identify, through data analysis, donors who are Integrating or Emerging in their philanthropy.
- Activate correspondence with all Integrating and Emerging donors about their philanthropy, perhaps in addition to acknowledgment letters at the time of their giving.
- Establish policies and procedures for donors to capital projects and prepare to apply the guidelines as donors commit gifts to those projects.

- Apply production-based stewardship to those donors who may have once given to special initiatives, but who have not continued to be philanthropic.
- Apply special stewardship to donors of endowments who continue to be philanthropic.
- Organize special stewardship, such as events or visits, for small groups of donors who are continuing to be philanthropic.
- Review donor segments in the stewardship working group to determine best special stewardship activity—correspondence, campus visit, or other recognition.

### Agreeing to Participate

Educating donors about the mission and programs can provide information critical to their giving to their highest level of philanthropy. Donors become advocates for the mission of the nonprofit organization because they are offered opportunities to engage with the members of organizations and learn more about the programs, especially if the information is delivered on site, at a campus or a community location. Engagement promotes a desire to be part of the family of supporters of the nonprofit organization and can lead to philanthropy.

Creating opportunities for donors to learn more about an organization is the responsibility of the communications staff. The strategic communications committee develops a plan that includes ways to make donors feel like part of an organization to solidify their commitment. Many donors cannot attend events, such as reunions, recognition events, dedications, or receptions, because of geographic distance or other factors. Correspondence about the specific impact of their gifts, newsletters with stories about how gifts are used, and telephone calls to give donors the latest news are other ways to include donors in an organization. Often one-to-one conversations with donors who cannot attend events are more important than attending an event. All contacts that promote the inclusion of donors must be included in the contact tracking system.

Organizing activities that encourage participation among donors is best managed through the strategic communications committee, which

brings together representatives from various offices and units of a large organization and helps small organizations think collectively among staff about efficient use of time and resources.

### Spreading the Message

The nonprofit organization must establish its mission and strategic direction before it can begin to engage philanthropists. This point is well stated in the Donor Bill of Rights. The materials developed through the strategic planning process become the basis for identifying fundraising priorities. In addition, with a multi-faceted case statement derived from the strategic communications plan for fundraising, donors have access to the information they need to tell others about the important mission the nonprofit organization seeks to accomplish. Messages to donors must be frequent, consistent, and institution-wide. The message becomes the basis of the events strategy and underwrites all other communications to donors. Repetition and presentation of messages in different formats helps donors inculcate them and makes it easier to repeat them to prospects.

The development of messages is the responsibility of the communications unit. Just like priorities, the communications strategy, of which messages are a part, is handled through the chain of command. This adherence to hierarchy qualifies the messages that are to be used in support of the fundraising priorities. Because communications can be a significant part of the advancement budget, oversight of message delivery by the strategic communications committee confirms that the right message is delivered in the right way to the right people. Calendaring and training through the strategic communications committee become important elements in helping to prepare donors to spread the message.

### Bringing Others Along

The best spokespersons for nonprofit organizations are the donors themselves. Organizations create opportunities for donors to speak on their behalf by developing well-articulated, substantive, and meaningful volunteer opportunities. Volunteering can bring donors closer to organizations and provide a social milieu in which donors will want to encourage others

to participate. Volunteer leadership is another way of recognizing donors for their philanthropy. Volunteers who have the chance to host events for other prospects and donors can be a powerful force for furthering the philanthropy of prospects. Encouraging prospects to consider supporting organizations also can be reflected in all communications of organizations. A strong public relations effort that supports advancement but is not engaged directly in fundraising is important in bringing prospects to consider philanthropy to the organization.

Responsibility for helping donors bring prospects to the mission of nonprofit organizations resides primarily with fundraisers, who can consider volunteer activity through the strategic solicitation committee. Using the calendar and messages developed by the strategic communications committee, the fundraisers are well-prepared to endorse participation among volunteers.

All the elements of intentional stewardship have now been considered. It is important to note that intentional stewardship does not fall within one department or unit of an organization. It is the responsibility of everyone associated with nonprofit organizations to recognize the voluntary nature of philanthropy and to respond to it in ways that encourage the highest levels of philanthropy among donors.

The Donor Bill of Rights underpins the entire effort to engage philanthropists and makes clear how nonprofit institutions can organize to adhere to the Donor Bill of Rights. The principles of intentional stewardship spell out exactly how nonprofit organizations can use their corporate structure to maximize donor philanthropy. Finally, conducting the business of philanthropy to encourage certain types of donor behavior provides nonprofit organizations with the means to measure the progress of donors toward their highest levels of philanthropy.

Intentional stewardship begins with a definition of philanthropy as the synergistic relationship between those with resources and organizations with programs and access to beneficiaries. Stewardship is no longer an end-stage activity in fundraising but a contract between philanthropists and nonprofit organizations to work together for the common good. Stewardship, therefore, is managed as the intention of the organization.