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News from The Prospero Group



Greetings from Prospero Group President Doris Feinberg

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The start of the fall season is a time for change. Organizations are sharpening their focus and getting back to business.

In fact, two of our current clients, Cohen Hillel Academy (CHA) in Marblehead, Massachusetts and Spaulding Rehabilitation Hospital Network (SRHN), in Boston, are embarking on new initiatives: CHA is building a major gift program after years of relying on events and direct mail annual fund dollars, and SRHN is relaunching its capital campaign. Both have generated excitement that has brought new major gift pledge commitments. These did not come about by accident. Both organizations have made long-term investments in ongoing communications and stewardship with their stakeholders. As you'll see in the article below, that's the kind of investment that really pays off over time.

We're always interested in your questions and comments. Contact us at any time at dfeinberg@prosperogroup.com.

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The Wisest Kind of Investment

by Susanne Shavelson

It may not seem obvious, but regular analysis of fundraising investments to understand your organization's ROI (return on investment), and making emotional appeals for giving, are two essential development functions that are closely tied together.

Analyzing your ROI sounds dull, but it is the only way to know what is working in your shop. Like any business, your organization needs to know what yield it is realizing from its investment in development. This means a thorough accounting of all direct (such as development staff and expenses) and indirect costs (such as overhead and the time of other involved staff members) incurred in donor stewardship, fundraising and all other development activities. Knowing your ROI will guide your strategic planning for the greatest efficiency in fundraising investment.

But we need our hearts, not just our heads, involved in this work. A Wharton School study confirms what many of us in the development world already know: Donors give to organizations because of their feelings about the organization's cause. While they may ask for statistics, budgets or business plans, people are moved to give when they themselves are moved by stories of individuals who can be helped by the organization's work. According to Professor Deborah Small, "Most people probably do not calculate the expected benefit of their donation. Rather, choices are made intuitively, based on spontaneous affective reactions." In fact, she writes, "Thinking about problems analytically can easily suppress sympathy." In a recent article describing Professor Small's work, the New York Times noted, "Charitable giving actually goes down if too many statistics are included in individual tales of need (and if we get only statistics and don't learn any personal stories, giving is even lower)." If you get too deep into the numbers the emotion can be lost.

What does this have to do with ROI analysis? It's simple: The best long-term returns come from building long-term relationships with your donors, particularly in the major gifts area. Major gifts have the lowest cost per dollar raised of any development function (as low as just 5 cents for each dollar raised) and they come about solely through long-term investments of time and effort, rather than events or direct mail annual campaigns. While those development functions also play important roles, only stewardship of major donors—those who have the strongest ties to your organization—will yield consistent high-level support, year after year.

Susanne A. Shavelson is a senior consultant with The Prospero Group.

About The Prospero Group

The Prospero Group, LLC, provides fundraising counsel that ensures lasting growth and change for non-profit organizations. We promote effective governance models and principled leadership to empower professionals and boards as the driving forces of philanthropy.

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- Feasibility studies and benchmarking
- Campaign case development
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