

# GG+A Quarterly Review

*Philanthropic News & Analysis*

## Every Gift Matters

Using New Technologies to Connect and Cultivate

The 2008 U.S. presidential election was historic in many ways, not the least of which was Barack Obama's extraordinary success in harnessing technology to raise \$605 million from more than three million donors, according to *Contribute* magazine ("Obama's Lessons for Nonprofits," November 11, 2008). The Campaign Finance Institute reports that 49 percent of Obama's funds came in discrete contributions of \$200 or less. The fundraising machine built by Obama was quite unlike anything seen before in national politics, attracting large and small donors who wanted to give money and who wanted to raise it, veteran activists and first-time contributors, and anyone who was wired to anything: computer, cell phone, or PDA ("The Amazing Money Machine" by Joshua Green, *The Atlantic*, June 2008).

The success of the Obama campaign is a stellar testament to the enduring power of grassroots engagement and the importance of every gift, large and small, to an organization's philanthropic efforts. A recent American Express Charitable Gift Survey published by the Center on Philanthropy at **Indiana University** reviewed the most recent gifts of a random sample of Americans. An examination of more than 900 gifts revealed a median charitable donation of \$50. Two-thirds of the donations were \$100 or less. "The large number of gifts less than \$100 demonstrates clearly that nonprofit organizations rely on many low-dollar donations to fund their vital work," the study found.

Small gifts are critical in every development operation. In this issue of the *Grenzebach Glier Quarterly Review*, we look at how educational, cultural, healthcare, and other

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## Annual Giving: A Foundation for the Future

With a heightened focus on attracting new supporters and upgrading donors of smaller gifts, development professionals are looking at a full battery of traditional and nontraditional vehicles to increase involvement. Often that process begins with an annual gift. A tried and true source of philanthropic support for many institutions, annual giving is a new venture for others.

In the UK, higher education institutions are counting on the government's recently launched, three-year matched funding program to boost annual giving. "The three tiers of matched funding are based on the experience a university has with fundraising," explains Adrian Salmon, annual fund manager for the **University of Leeds**. "The university is participating in the 'most experienced' tier, with the lowest matching ratio, three to one, but the highest cap, of £2.6 million—allowing us to raise a total of £10.4 million in all."

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# Every Gift Matters

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nonprofit institutions are using new technologies to reach across generations and across borders to cultivate and steward such donors. For donors of small and large gifts, development officers must constantly assess their strategies and explore how traditional tools as well as new technologies can strengthen relationships and move donors to higher levels of support.

## Turning to Technology

The rise of social media—from mobile phones to online social networks—is opening new doors for donors and development professionals to reach constituents around the world. Many schools and colleges have begun to offer their own online social networks, but others are tapping into Facebook, one of the world's leading social networking sites, which boasts some 70 million users (“Colleges Create Facebook-style Social Networks to Reach Alumni,” by J.J. Hermes, *The Chronicle of Higher Education*, April 25, 2008).

Daryl Upsall, who has managed fundraising, communication, and advocacy operations in more than 42 countries through his firm Daryl Upsall Consulting International, notes, “We need to think about what we can do to bring people back to our organizations and make them part of our communities. Social networking sites engage people and bring them together. In higher education, they can bridge that gap between when students leave school at 20 or 25 and when they start to give at age 40.”

He adds, “Virtual online communities can help organizations build interest for events like reunions. Wouldn't you like to go to a Web site and see who is registering early for your reunion? With YouTube, if you are trying to

generate interest in your cause, your audience can hear firsthand from some famous donors or graduates about why they support you.”

Chris Hughes, a co-founder of Facebook, was the mastermind behind Barack Obama's highly successful online campaign. From a single Web site, it was possible to register to vote, start an affinity group with a listserv for friends, download news, click a “Make Calls” button, receive a list of phone numbers, and spread the news to vote for the candidate. But the true “killer” application was the suite of fundraising tools. “You can click on a button and make a donation, or you can sign up for the subscription model, as thousands already have, and donate a little every month. You can set up your own page, establish your target number, pound your friends into submission with e-mails to pony up, and watch your personal fundraising thermometer rise,” according to *The Atlantic*.

Many nonprofit organizations are now using cyberspace to connect with the next generation of benefactors. **Boston's Museum of Fine Arts** has nearly 3,700 “fans” on its Facebook page. **The Chicago Symphony Orchestra** has posted dozens of performance videos on YouTube to reach patrons, and in Michigan, the **Ann Arbor Symphony Orchestra** started tapping the power of YouTube,

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An international leader in philanthropic management consulting, Grenzebach Glier and Associates, Inc. (GG+A) has more than 45 years of experience with educational, cultural, medical, and other nonprofit institutions. The goal of the *Review* is to provide timely information about issues and events that are relevant to philanthropy.

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the world's largest online video community, to reach supporters. "It is becoming more and more apparent with our future donors that we're going to have to reach them electronically," says Guy Barast, Ann Arbor Symphony's development director ("The New Face of Giving; With a High-tech Boost, Even Minors Have Major Impact," by Andrea Stone, *USA Today*, October 7, 2008).

### Broadening the Web

The **Sierra Club**, America's oldest and largest grass roots environmental organization with 1.3 million members and supporters, was among the earliest adopters of technology to recruit members and channel community support. "We've had a Web site for some time, and in 2004 we began reaching out through e-mail to seek members and expand our e-mail list. We have seen online membership grow at an annual rate of three percent from 2004 to 2007," says Steve Yaver, director of member services and development operations. "Our primary online strategy is to get new people into the club and get them involved and engaged."

One lesson Yaver has learned is to keep messages coordinated. "From a Web perspective, you have the ability to be more flexible and talk about late-breaking issues. But we have found a message consistent with other direct

“The nut every organization is trying to crack is how to make the Internet work well as a fundraising tool.”

Sierra Club Director of Member Services and Development Operations Steve Yaver

marketing programs works well and does not confuse donors about the priorities of the organization.”

Many organizations are adding e-mail appeals to the mail-phone programs that have been typical for decades. The challenge, of course, is how best to measure the impact of those appeals, as donors who make their gifts on the Web may be motivated by a variety of appeals or other contacts from the charitable organization.

E-mail fund appeals, sent to nearly 250,000 Sierra Club members every other month, in no way replace the club's direct mail campaigns, but do represent five percent of annual direct marketing donations to the Sierra Club. Yaver adds, "Everyone sees the Internet as a complement, although you see instances where an organization manages to hit it out of the park because it has the right issue at the right time."

**The University of Texas M.D. Anderson Cancer Center** (MDACC) continues to receive

increasing amounts of money through the Web, approximately \$3 million last year. "We don't have a formal, separate program based solely on the Web. We are looking carefully at how technology can enhance education and cultivation, whether that can lead to effective solicitation, and how we can use the Internet for stewardship," says Michael C. Frick, associate vice president for development at MDACC.

**Fondation de l'Hôpital Ste-Justine** (Sainte-Justine Hospital Foundation) in Montréal is looking to technology to supplement its traditional direct mail campaigns and more recent e-mail campaigns. "We have hired someone recently to concentrate on e-philanthropy and develop synergies with our direct marketing efforts. The priorities are to develop online fundraising pages that allow people to create their own communities online and distribute our information to friends," says Madeleine Colaço, the foundation's annual fund

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manager. The foundation, created in 1987 to support the 100-year-old children's hospital, recently completed a \$125.4 million capital campaign, one of the largest fundraising results for a hospital in Québec.

Since it began sending e-appeals last year, The Hotchkiss Fund has seen a one to two percent participation increase with each appeal. "We have an e-mail base of 5,700 contacts we can solicit: We receive 75 to 150 gifts every time we do an e-appeal," says Electra Tortorella, director of the fund for **The Hotchkiss School**, an independent boarding school in Lakeville, Conn. This spring the fund will focus on class specific e-appeals featuring old yearbook photos, and the school recently created a quarterly e-newsletter for parents and class agents.

### Connect Through Facebook

"We are encouraging our young alumni and class agents to create Facebook class pages, to find other members of

their class and stay engaged," says Tortorella. "The 25th reunion of the Class of 1984 is approaching and they had lost contact with 13 class members. They found six on Facebook. It is a great connector."

When class agents make calls to their peers, they can engage in conversation about their families and their lives based on what they've learned on Facebook, adds Tortorella.

While **The Richard Stockton College of New Jersey** does not have its own online social network, some 850 alumni are connecting to one another through Facebook, MySpace, and LinkedIn. "We are using the Web to engage alumni in events and discussion groups," says Tara Septynski, the college's assistant director of alumni relations and the annual fund.

The University of Leeds also boasts an alumni group some 3,000 strong on Facebook—nearly as large as its

base of annual donors—yet Adrian Salmon, the university's annual fund manager, is cautious about using it as a vehicle for fundraising. "Once people join our community and re-engage, then we can share the annual fund message," he explains. "You risk alienating a large majority of alumni if you ask for money right away."

Upsall agrees. "Very few cultural institutions and higher education institutions will experience spontaneous online giving, but they are going to get a lot of people checking them out." He is not impressed with many of the institutional Web sites he visits. "They simply state in a very little mention at the bottom of the page 'Make a Gift' or 'Gift Opportunities,'" Upsall says.

The growing use of e-mail, Web sites, and credit cards to make donations may cost less than regular mail, but fundraisers warn against moving too fast toward paperless philanthropy. "You have to be careful not to lose donors who are not comfortable with that or not trusting," Christine Benero, president of Denver's **Mile High United Way**, told *USA Today*. "We're at a tipping point, but we haven't tipped yet that we can walk away from traditional methods."

At **Vassar College**, the number of online donors has soared from 132 in 2001 to 1,446 supporters who

“[The institutional web site] is all about the payment methods, and the language is very flat. Compare that to a charity that tells compelling stories, uses visuals, and downloads music in the background.”

Daryl Upsall, Daryl Upsall Consulting International

## Launching a Viral Fundraising Campaign

gave a total of more than \$540,000 in 2007-08. Catherine Baer, vice president of development, eventually would like to enhance the annual fund staff by adding “someone who can manage technology systems for us, so the staff can get out on the road. We need more feet on the ground because electronic communication can only go so far.”

### Get Personal

Upsall encourages institutions to use technology in a more personal way. He cites Vismail as a great tool that blends e-mail with video. “If you are a 28-year-old and you receive a beautifully designed direct mail package, you are probably not even going to open it,” explains Upsall. “If you are sitting at your desk and the president of a university or a major donor tells why he or she supports an institution, that is much more powerful. Think how fantastic it would be to get an immediate thank you from a development director rather than waiting for a standard letter six weeks after your gift. Technology will soon enable you to personalize video with individual names dubbed into the video.”

He also reminds development officers that older individuals or “silver surfers” are increasingly using the Internet for longer

As part of its \$500 million *For Love and Honor* campaign, **Miami University** in Oxford, Ohio, is embarking on its most aggressive Web initiative to date: a nationwide all-alumni effort for a new student center. “Miami has challenged itself to achieve a 50 percent rate of alumni participation in gifts to the Bicentennial Student Center, the centerpiece of the final phase of the campaign,” reports Brad Bundy, the university’s associate vice president and campaign director, who is creating the viral marketing program based on cutting-edge marketing strategies. The model offers a high-tech version of the class agent program organized according to multiple affiliations rather than one structure for all alumni.

“We are incorporating the technology seen in last year’s presidential election by recruiting a group of individuals who will help us electronically solicit friends throughout the country for support,” explains Bundy. “We will employ the bundler strategy where you have an individual who supports the student center and who agrees to get 10 friends, classmates, fraternity brothers, or sorority sisters to do the same. The process rolls on in multiple phases.”

Launched in October 2008, the program will go “live” online in January. Bundy’s goal is 30,000 solicitations through 2009. “We intend this program to be almost entirely electronic,” he says. Participants will be recruited online and will be directed to a secure site to select those alumni they want to solicit. An online training video will show how to make selections and record results. Volunteers will get points for every dollar raised and for meeting targeted goals. Results are automatically forwarded to Bundy’s office.

“Each participant can see how he or she is doing in relation to other volunteers, so you click on Class of 1985 and see who has the most points in your class. Click by region and see your points compared to others living in your area,” he describes. ❖

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## Annual Giving: A Foundation for the Future

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Additionally, the government's existing Gift Aid scheme allows donors to make a Gift Aid Declaration to cover their charitable contributions. The charity is then refunded the income tax paid on the amount donated, allowing donors to maximize the value of their gifts.

"Our strategy with annual fund communications now is to focus on the impact the matching funds will help us achieve by 2011," offers Salmon.

"We have about 130,000 alumni with valid mailing addresses, yet only 3,300 donors have ever given to the

long abandoned. "Historically universities in this country aren't seen as fundraising charities. That's why we need pre-call letters before we telephone. It is not about results, but about relationship building."

"We have a huge international alumni base, which means our reach must be worldwide," says Rachel Jones, head of individual giving for the **London School of Economics**. Jones is hoping to increase support by setting specific goals for various countries and funding alumni activities in those

as an opportunity to join our higher gift clubs," adds Jones.

Tara Septynski of The Richard Stockton College also knows the challenges of running a start-up annual giving operation. The college, which offered its first classes in 1971, now boasts 35,000 alumni, many of whom were solicited for the annual fund for the first time last year.

"Our motto this year is 'Strength in Numbers, Together We Can Make a Difference.' We are emphasizing in e-mails, calls, and direct mail letters that the size of the gift is not as important as it is for everyone to make some type of gift," says Septynski. With 26,000 alumni living in southern New Jersey, the college is stepping up its schedule of events targeted to specific groups.

"We are getting out on the road and meeting the \$50 or \$100 or \$500 donor; it goes a long way. That's what makes us a \$5 million versus a \$3 million fund."

The Hotchkiss Fund Director Electra Tortorella

### New Approaches for Established Programs

Longstanding annual fund programs face their own set of challenges in keeping donors consistently involved. As "a major gifts operation," M.D. Anderson Cancer Center processes more than 120,000 gifts each year totaling about \$200 million. Ninety percent of that amount is attributed to 750 gifts, explains Michael Frick.

As it prepares for its upcoming comprehensive campaign, MDACC will take a new approach with annual donors. "In the past, we

annual fund since it began in 2004," he says. "We aim to boost that number to around 6,500 donors, or a five percent participation rate, by 2011."

"The telephone is the single most cost-effective method of donor recruitment for us, about 10 times more cost effective than direct mail," says Salmon. He strongly advocates sending pre-call letters, which many organizations have

countries based on annual fund participation. "We are moving into a new stage and recruiting international ambassadors for the annual fund. We are committed to raising participation in the next three years."

"We are also using the government's Matched Funding Initiative to offer discounts into gift clubs in the hope that some of our donors will use this

have relied on board members and other major and planned gift donors to meet campaign priorities. We want to allow annual donors to be a part of this campaign effort, so we are looking at how technology can allow us to more broadly educate and more strategically involve them without a detrimental effect on the annual fund,” says Frick. “It is our intention to have annual fund donors consider two gifts: one for continuing involvement in the annual fund, which has its own goal in our campaign, and a second gift for whatever campaign priority that resonates with them.”

The Hotchkiss Fund continues to win donors with its emphasis on face-to-face contact with all donors and its “relentless and consistent” approach. In addition to a series of direct mailings and e-mails throughout the year, each member of the annual fund team makes a minimum of 75 visits each year, says Electra Tortorella.

“Fifty percent of the Miami University alumni base have given at some point, yet we only have an 18 percent annual participation rate,” says Brad Bundy. “We allowed that percentage to decrease because our focus was exclusively on major gift fundraising. We need to focus on consistent giving and increase our commitment to steward all levels of gifts.”



"WE'RE RAISING MONEY FOR A LOCAL CHARITY. WOULD YOU CARE TO ADD \$10,000 TO YOUR PURCHASE?"

### Filling the Pipeline

The annual fund is the most obvious place to go to develop major gifts, but it is also the most overlooked, according to Lori Yersh, executive director of donor engagement and stewardship at **McGill University** in Québec. “Most institutions are not proactively and tactically using their annual fund to find major gift prospects,” says Yersh (“Cinderella Doesn’t Live Here,” by Brian Daugherty, *CASE Currents*, September 2008).

“We don’t know who will be the next Bill Gates to graduate from the college,” says Yersh. “We do know the two main factors are inclination and capacity. We can’t influence capacity, but we can influence inclination through our annual giving programs. How your institution treats donors at the beginning can determine whether they will become major gift prospects over time.”

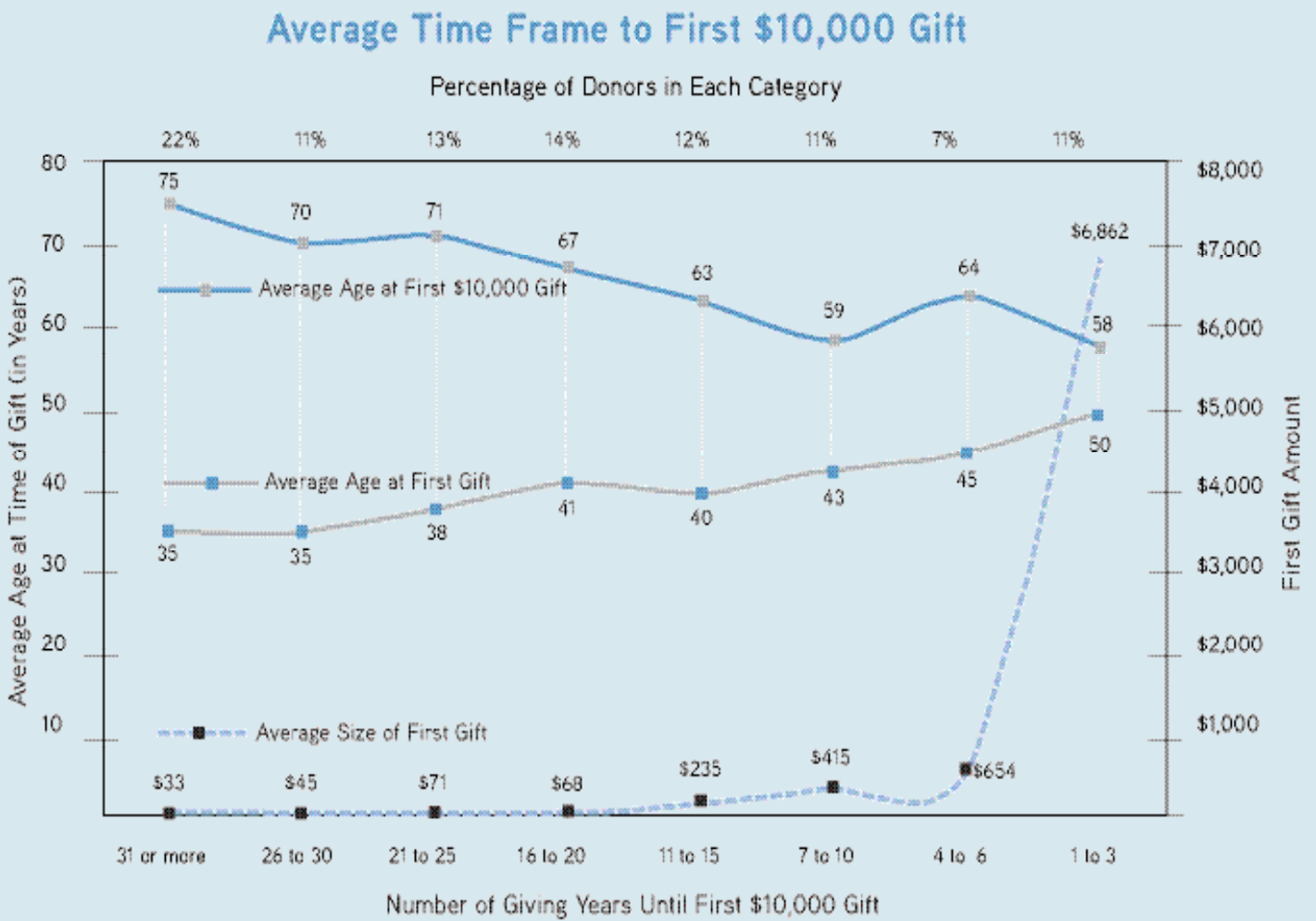
Research at Vassar College has demonstrated the importance of all donors who give consistently year in

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# Careful Analysis of Donor Behavior Will Enhance Future Fundraising

GG+A recently analyzed the giving behavior of 13,785 first-time, \$10,000 donors across six public and private research universities. All donors studied are alumni of their universities. The objective of the study was simple: to test the validity of the commonly held belief that donors who begin to give to their universities soon after graduation, and who maintain their giving, year after year, are more likely to become major donors over time.

The graph below looks simultaneously at the age of the donor at the time the first gift to the university is made, the average size of the first gift, and the age at which the first \$10,000 gift is made.



Source: GG+A study of complete historical alumni giving behavior across six U.S. public and private research universities that are recent clients of GG+A Philanthropic Analytics.



## Every Gift Matters

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Our findings suggest the following:

- ▶ Alumni who begin to give to their universities later in life move to the \$10,000 level much more quickly, and at a much younger age, than those who support the university consistently beginning in their mid-30s. Some may be experienced donors to other institutions or charitable organizations, who renew their relationships with their universities in middle age. Others may be donors whose affiliations with particular programs (for example, medicine or athletics) are different from that of “typical” undergraduate alumni, often presumed to give out of loyalty or connections with classmates.
- ▶ Forty-four percent of \$10,000 alumni donors made their first gifts to the university while in their 30s, and another 44 percent made their first gifts in their 40s. Although renewal and upgrade of reliable donors is, of course, a key component of any successful fundraising program, these results suggest that institutions should not move too quickly to remove “non-donors” from their rolls.
- ▶ The pattern of giving from the time of the first gift to the first \$10,000 gift is not completely reliable, regardless of the age at the time of the first gift, or the size of that gift. For example, donors whose first \$10,000 gift was made at the age of 70 had made gifts, on average, in 28 of the previous 35 years. Donors whose first \$10,000 gift was made at age 63 had given, on average, in 13 of the 23 previous years.
- ▶ Although it appears to be true, overall, that donors who begin to support the institution at a younger age begin with much smaller gifts, it is important to note that this graph does not present the cumulative value of support provided by long-time donors.

GG+A will continue to analyze these intriguing results, which demonstrate the value of evidence, over anecdote, in determining fundraising strategy. ❖

periods of time. “They have the time to spend online and do research,” he says. “Imagine if someone is revising his or her will to include a bequest and they are not impressed with the organization they have been supporting. They go online and look for bequest information. Many organizations have no samples of what a bequest can do, no quotes from donors, or no information on how to leave a bequest.”

According to Upsall, new media allows the good, the bad, and the ugly to filter through to the top. He describes how, in 1998, the CEO of **Greenpeace** conducted live chats via e-mail every Friday afternoon. “Anyone from government officials to supporters could sign in and join the chat.”

Direct contact has always characterized the most successful fundraising, however, the old technologies can also be useful. “As long ago as the 1970s, the CEO of **Oxfam International**, the biggest charity in the UK, asked his development directors to give him five names of donors to call each week. He got feedback about the organization that he would never hear from staff.” Upsall questions, “In 2009, how many directors of development pick up the telephone or use e-mail to communicate with donors? How many take feedback? Technology can help them stay connected.” ❖

## Annual Giving: A Foundation for the Future

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and year out. “Almost universally our future \$250,000-plus donors gave between \$5 and \$500 the first five years after graduating,” says Catherine Baer. “We can’t necessarily know who those future big donors will be, but it is important that we catch them early because people aren’t coming out of the woodwork to make those kinds of gifts.”

Vassar is planning to send annual fund officers on the road to meet with donors more frequently “to gain that experience and to allow us, potentially, to grow our own leadership gift officers,” adds Baer.

For Leeds, the government matched funding program is a perfect vehicle for moving donors to make leadership-level gifts. “If they never thought about giving to Leeds or to a university, now is the time. Especially for higher-rate taxpayers, if they give to a university now their gift can have more impact here than almost any other sector of nonprofits,” says Salmon.

Major gift officers at Leeds use annual fund materials to engage top prospects, and Salmon uses the feed-

back to motivate smaller donors. For example, “A gift officer recently shared information about a donor who had doubled his gift to help fund two medical scholarships. My phonathon callers can go to medical alumni who haven’t yet given and use that gift as a motivating tool.”

Seventy-five percent of annual fund donors to M.D. Anderson have a personal or family cancer experience, often at MDACC. “If we do our jobs properly in terms of letting them know how much research progress is being made and how we appreciate their assistance in making progress, they will stay with us for the long term. If they can’t become major donors, there may be planned giving possibilities,” says Frick.

### Reach Younger Donors Early

A key component of filling the pipeline means attracting and retaining younger donors.

“Over the last two years, we have grown our Circle of Young Leaders. It is a very aspirational group,” says Fondation de l’Hôpital Ste-Justine

(Sainte-Justine Hospital Foundation) President and Executive Director Anière Lecoq. “In addition to an established high-end, annual ball for the younger under-30 members of the group, we have added a winter triathlon for the corporate crowd as a way of reinforcing bonding through departmental teams. We have also added an event for parents, grandparents, and children.” The foundation is using Facebook to reinvigorate its efforts with younger supporters and to promote more broad-based community and fundraising events.

Miami is also implementing initiatives targeted to young alumni. “Our message has always been the same across generations,” says Bundy. “What appeals to a 25-year-old may be vastly different than what appeals to someone out of school 20 or 40 years.” Young alumni will receive electronic solicitations and e-greetings with a focus on online giving and the use of electronic fund transfers to make gifts several times a year. The university is revamping its legacy program for senior class members and looking closely at the concept of a Young Alumni Program.

Upsall suggests conducting online surveys to assess exactly what constituents want, and then fill the need. “Simply ask, ‘How do you want us to communicate with you?’ Ask if they want to be on a listserv for events or if you can occasionally send a text message,” he advises.

“How your institution treats donors at the beginning can determine whether they will become major gift prospects over time.”

McGill University Executive Director of Donor Engagement and Stewardship Lori Yersh

Students working in conjunction with Vassar College’s Council on Alumni and Student Advancement “came up with a brilliant idea last year called Mind the Gap Day,” to bring attention to the college’s increasing reliance on philanthropy, relates Baer. The day’s events, including the shadowing of current students by alumni and donors, raised awareness of the cost of educating students. “This was the perfect way to start educating a broader student population, even those who are paying the full tuition, that much of their education is subsidized by someone who cares about Vassar,” says Ryan Hart, director of individual giving.

### Integrating the Annual Fund

Writing for *The Nonprofit Times*, Eugene R. Tempel, president and CEO of the **Indiana University Foundation** and former executive director of the Center on Philanthropy at Indiana University, notes, “Annual giving programs are often less valued within development departments, despite evidence that strong annual giving programs are the foundation for future major gift success. Fundraisers should create and support a movement within the field to develop an annual fund career track” (“Big Isn’t Always Better: The Importance of Small Gifts and Small Nonprofits,” June 15, 2008).

“You can’t overplay your hand in reporting how new dollars are used and in demonstrating your appreciation. That’s important at the million-dollar level and at the \$50 level.”

University of Texas M.D. Anderson Cancer Center  
Associate Vice President for Development Michael C. Frick

Working contrary to conventional wisdom during its recent *Extending Berea’s Legacy* campaign, **Berea College** reduced its major gift staff and increased the annual fund staff. The campaign brought in more than 105,000 gifts from 35,000 donors: The college received more than 92,000 gifts of \$500 or less.

“Berea has long depended on donors who give small gifts over many years and then leave their ultimate gift to the college as part of their will. Berea’s major gifts program is our bequest program,” wrote Bill Laramee, Berea’s vice president for alumni and college relations, for *CASE Currents* (“Extraordinary Success: With Few Traditional Campaign Trappings, Berea College Still Surpassed Its \$150 Million Goal,” January 2006).

Both **San Diego State University** and the **University of California, Berkeley** have assigned frontline fundraising staff to the annual fund, according to *CASE Currents*, changing the dynamic of the annual giving

operations from macro-level appeals to managing donor relationships on an individual basis.

At Vassar, Hart oversees annual giving as one component of the overall individual giving program, which includes leadership gifts. “The decision was made last year to bring the two groups together and make everyone feel responsible for the annual fund,” says Baer. “It is also an important way for leadership gift officers to establish relationships with donors so they can make sure annual gifts come in and make reunion gifts an important part of our overall fundraising strategy.”

“There are a lot of prospects out there and we don’t know how much time to spend on them,” adds Hart. “Asking for an annual gift will help us know how quickly we can go forward.” In addition, annual fund volunteers can provide entree to strong prospects. “This integration has helped us tap our network rather than working as lone wolves.” ❖

## Crowdsourcing Begets Crowdfunding

The power of numbers is bringing together smaller groups of people who collectively want to have a bigger philanthropic impact. A cross between book groups and investment clubs, groups of individuals of like affinities are pooling their philanthropic funds and deciding how to donate them. A recent study identified about 225 giving circles with 8,000 participants in the U.S. who have given a total of \$32 million (*Money Well Spent: A Strategic Plan for Smart Philanthropy* by Paul Best and Hal Harvey, Bloomberg Press, 2008).

Author Jeff Howe calls this trend *crowdfunding*—a counterpart to crowdsourcing, the term he coined to describe the process that leverages the power of many to accomplish

feats that were once the province of a specialized few (*Crowdsourcing: Why the Power of the Crowd is Driving the Future of Business*, Crown Business, 2008). Underestimate crowdsourcing for mass support and engagement at your own peril, Howe warns. He writes, “The Internet so accelerates and simplifies the process of finding large pools of potential funders that crowdfunding has spread into the most unexpected nooks and crannies of our culture,” fueling the growth of direct-giving Web sites such as GlobalGiving.com, DonorsChoose.org, ModestNeeds.org, and most notably Kiva.org, which has raised \$20 million from donors to help fund 225,000 small businesses in 11 Third World countries.

“As legions of digital natives start to self identify as citizen philanthropists, they should be given online tools that permit them to do more than donate to an existing organization or recruit friends to a cause,” writes Peter Dietz in the *Stanford Social Innovation Review* (“Root Causes vs. Facebook Causes,” April 30, 2008). “Instead, micro-philanthropists should be respected as large-scale philanthropists. They should be treated in a way that implies that they can address the root causes of a problem and spread the knowledge required to solve similar problems.” Dietz believes online platforms could eventually bypass “old-school methods” of fundraising and grant making. ❖

## Texting for Dollars

One of the newest tools to raise small donations is text messaging. Already popular in Europe, the mobile moneymaker made its U.S. debut in February 2008 when Super Bowl viewers were asked in a 10-second commercial for youth fitness programs to text a \$5 donation to United Way, which would later appear on their phone bills.

Ohioans could donate to the **Salvation Army’s** Red Kettle Campaign through the 2008 holiday season by sending a text message to a number posted near 80 kettles in the Columbus area. The program,

aimed at younger, tech-savvy donors who are less likely to carry cash, could be expanded nationally if successful (“Salvation Army Tries Text Donations in Ohio,” by Kantele Franko, Associated Press, October 22, 2008).

According to the Mobile Giving Foundation, founded in 2006 to get wireless companies to pass along donations made by texting, more than 30 nonprofits, from the **Public Broadcasting System** to the **American Heart Association**, are now offering supporters an opportunity to make gifts through their monthly phone bills. ❖