Changing the Culture—The Real Goal of Planned Giving Consulting

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Many years ago, when we first began our work in planned giving consulting, we envisioned our primary function was to bring a high level of technical expertise to organizations that could not afford to employ a full-time specialist on staff. And, indeed, we have, over the years offered exactly that kind of service to many of our clients. However, we soon realized we had a much larger task ahead of us, one which the planned giving profession is increasingly embracing in all its work.

We often offer technical training (although we rarely call it "training") for governing boards. In one of our early "information sessions" twenty years ago we saw the board members nodding and taking notes, as we hoped they would. But at the end of the session, one of the board leaders approached us and said, "That was all very interesting information; we should raise a lot of money. Just let us know when the money is here." With that he clapped us on the back and walked out. We looked at each other and recognized that we had missed a much more fundamental issue in our presentation than the tax savings associated with different ways of giving.

Before any of the technical strategies we might introduce to our clients could produce new gifts of non-cash assets or complex estate commitments, we had to tackle the issue of organizational culture—a culture expressing itself through board members who believed themselves unconnected to the work of the development office. But the culture problems were greater than board members patting us on the back and wishing us well. The fundraising culture in many non-profits is still a typical one left over from the late 20th century: fundraising, according to those in charge, was about development staff members raising a specific amount, for a specific purpose, and almost always in cash. The gift cycle went from identification based on resources available, to solicitation to the gift (maybe), to a thank you. Then next year or the next campaign the cycle repeated itself, often unconnected to the previous gift.

As we, who read *Planned Giving Today* all know, this model—a simple transactional model—needs to be retired permanently. And ever after this early experience, we knew we had to back up and, instead of beginning our work by talking about planned giving techniques, we needed to ask questions about institutional culture, institutional expectations, CEO and CFO concerns, board members' understanding of their role and responsibilities, and historical organizational experience with planned gifts.. Without those conversations, our expert advice was likely to fall

on deaf ears, whether we were talking to board members, to CEOs, to CFOs, or to the development staff.

We were reminded of our experience two decades ago by the current recommendations of the Association of Charitable Gift Planners (CGP) task force that CGP is currently presenting to the profession. Engaged in a multi-year effort to define the industry standards inherent in a solid and successful planned giving program, the Metrics Task Force has found that access to technical expertise is only *one* of its suggested 16 standards. All the others point to the vital importance of organizational culture and the readiness of the non-profit to embrace planned giving in an active and non-transactional way.

Seven of the 16 standards focus on institutional culture, including the importance of the support and appreciation of planned giving by top management and by the governing board. And many of the remaining standards address the ways in which planned giving integrates with the total development operation and the importance of seeing donor engagement as a donor-centric and potentially life-long relationship with the organization, as opposed to the old style transactional gift process that has for too long characterized many development offices.

From our experience and from that of our colleagues in a wide variety of charitable organizations, we suggest the following steps to changing organizational culture and thus preparing the ground for expanding planned gifts.

1. **Create solid and comprehensive policies and, even more important, engage top leaders and board members in these policy discussions**

Starting with policies certainly sounds boring and peripheral; yet, we have found that few development staff members have looked at any of their policies recently (if they even have them), especially gift acceptance policies, and that almost no board members have a clue as to what kinds of gifts their non-profit might accept. Or why. The boredom ends when a key board member finds out that yes, he can give a percentage of the closely held company he about to sell to the non-profit that he supports with his time and gifts and avoid some of the capital gains tax he would otherwise have to pay. Or perhaps another board member discovers that the vacation property that has become a burden since her family no longer uses it can become a tax-effective and generous gift. Surprised self-interest can perk up almost any board member . . . and the most committed are almost always happy to find out they can give far more money to the organization they care so much about than they had thought—and can benefit through tax savings and relief from personal burdensome obligations at the same time.

We are unhappily convinced that almost no board member would come, voluntarily, to a training session to "learn about giving planned gifts to Do-Good Organization," but . . . when board members, as part of their regular board meeting duties, are presented with some new policies to adopt, they can learn about ways of giving that most have never heard about (and the wealthier they are and the larger the bevy of accountants/tax lawyers/advisors they have the less likely they are to hear about combining their charitable impulses with benefitting from the incentives built into the United States' tax code).

2. **Concentrate on gaining the understanding and support of the CEO and Chief Financial Officer.**

Unless the board has taken the lead in engaging outside counsel, the CEO and CFO are critical to introducing the importance of planned giving to the board or other volunteer leadership. Discussions with both the CEO and CFO early on in a partnership with a non-profit set the stage for building a strong working relationship. But building that sense of trust and confidence is different for the two senior officers.

For the CEO, engagement in strategy sessions early on with potential donors may be the best way to win support if the CEO is not already convinced of the efficacy of a strong planned giving program. And involving him or her in direct contacts with those major donors is even better. Not too long ago, in a conversation early in our relationship, a Head of School asked why other schools were receiving "transformational" gifts while her school was not. We began to work with the development office to find a set of potential donors who had the capacity for such gifts, and then to develop (with the CEO and the leaders of the development office) a set of strategies for engaging these donors. From those discussions came a series of visits by the Head and the Chief Development Officer, and a set of gift plans that would indeed produce the transformational impact she had desired. And most of these plans, much to the Head of School's pleasure, involved gifts of current but non-cash assets. Because as appreciated as a pipeline of estate gifts is to a non-profit, receiving those transformational gifts now is even more welcome.

Most CFOs learn to love planned giving when they understand that planned gifts can be current gifts from non-cash assets such as partnerships, real estate, and closely held stock. Focusing on the cash flow and long-term financial viability of the organization, the CFO is primarily interested in seeing results. And the more immediate the results, the better. Presenting planned giving as a way of producing current gifts as well as long-term endowment commitments is the key to CFO support. And using data about the distribution of assets in the United States, data that demonstrate that almost 90% of what potential donors own is not in cash, can often win over even the most skeptical CFOs.

3. **Publicize the kinds of gifts donors can give to you through donor stories on the web, in marketing materials and at conferences and major events**

Many of us respond more viscerally to stories than to spreadsheets. Thanks to the magic of MRIs, we know that different parts of our brains (the segments that link to our altruism) light up with stories.

The key is creating stories about creative gift plans that stem from a combination of donor assets and donor goals. And the more the donor is perceived as a "regular gal" or "just one of the guys" all the better. That the ultra rich can give large gifts is not news; that the swimming coach for 45 years at the independent school has made the school a beneficiary of his retirement plan does make a splash.

Make these stories available in social media as well; have the youngest person on your staff illustrate all the ways to send stories—both words and videos if your donor is photogenic and well spoken—to your donors.

4. Then, engage board members in personal conversations about life-long philanthropy—starting with the top down works remarkably well

Remember the board member who wished us well with the campaign and said "good luck" to us as he patted our backs? We did stop him in his tracks and said "we are *so* glad you are enthusiastic about this campaign. When can we sit down with you?" He couldn't say no, could he? And, as the chair of the board, he did want to make a "appropriate" gift, so he met with (one of) us, explaining that he just did not have that much cash on hand. You can guess the story—after multiple meetings he found, through using a variety of assets, that he could give over $2 million over a period of four years.

His excitement as what he could do (especially as a board chair who was certainly not known as the wealthiest of the members) lead others to ask for meetings as well to see what they could do. The gifts to the campaign rose exponentially. Soon the Alumni Board members wanted meetings to discuss their assets as well. And, as these conversations progressed, some of those key volunteers began to think far beyond the current campaign and consider gifts or gift commitments that would come in the future as well. Their philanthropy morphed from a single transaction to a life plan.

5. Finally, ensure that the fundraising culture of the development office is changed as well. All staff members who meet with donors need to be committed themselves (both through their words and their own donations) to your mission and your specific fundraising projects

We all know that development staff members are particularly important in raising planned gifts. And nothing speaks more emphatically about the importance of life-long philanthropy than the phrase, "Would you consider joining me…?" Staff (including the staff leadership of the organization) who become members of the "legacy society" can have a much different conversation with prospects than those who don't. Staff members who are also donors also recognize that donors make decisions about large gift commitments on their own timetable and that nurturing the relationship with the donor is a key component of their development work.

Staff members who are also donors also raise more money. In a recent study by Bentz Whaley Flessner and articulated by BWF CEO Josh Birkholtz in a recent ACGA conference presentation, results show that genuine enthusiasm for the mission of the organization is a key factor in differentiating the top fundraisers from their colleagues who are focused more on the dollars than on the mission. And, when asked what would motivate a donor to make a major/planned gift, donors said "If I believed the fundraiser would make the same gift I was being asked to consider if he/she had the same resources I did, I would respond far better to the request." Example works. And the heart-felt gifts from the development staff also change the culture of giving in the organizations in which they work.

Conclusion:

By engaging the board and institutional leadership and addressing the organizational culture at the beginning, we can avoid the conversation we encountered twenty years ago. Turning transactional fundraising into relationship building and working with donors on lifelong philanthropic plans should be the real focus of planned giving. Such an approach will sustain the organization's mission over time--even amidst the periodic crises like the one in 2020--that besiege the non-profit world and society at large.