

Planned Giving Audits: Is Now the Time?

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No one likes audits. Who wants to be compared to someone/something else and potentially come up short? Who wants to run numbers to find they don't add up to what they should? Who wants outsiders coming in and then reporting shortcomings to the CEO? Who wants to bring on such potential stress when there is enough stress just outside our front doors? Business as usual is comforting and stress free. Yet . . .

We all know business as usual can lead to eventual failure, and yes, even for long-standing profitable non-profits. We have all adapted to change, have we not, by using some sort of social media—and all the illiteracies that come with it. We may clench our jaws when younger colleagues tell us that complete sentences “are so 20th century” and that exclamations are in! but we adapt (well some of us do).

A good audit can provide just the stimulus many nonprofits need to move (willingly) into the third decade of the 21st century. Some non-profits (perhaps many) are not sure they are spending their planned giving budgets in the best way. Many non-profits are concerned that their endowments are not at all large enough (a concern exacerbated by the recent stock market declines); others are cowed by the apparent successes of comparable organizations and need help figuring out how to increase their planned gifts, especially in a down market.

A well-crafted audit will do far more than cite “concerns” (the new word, apparently, for “flaws” or “problems”). An audit can help development offices focus their resources on those areas that are most likely to produce results in the shortest time. An audit can also provide reinforcement and outside validation for those projects planned giving officers are doing right, for the initiatives that are already in place that need to be buttressed and augmented.

In other words, an audit should provide a roadmap for a future thriving planned giving program. A good audit should not simply point out areas of “concern”; it should also suggest specific strategies for addressing those concerns and ways of directing resources, human and financial, to enhance the strengths of a program.

Finding the right consultants

You will have no trouble finding consultants to help you. Many consultants conduct audits, some of your entire development program and some just of a planned giving office, if your organization is large enough to have a separate office of gift planning. But choosing the right fit for your organization is a critical part of the process. So—how do you go about deciding?

- Ask for recommendations from other organizations like yours. But remember, just because consultants worked for an organization you know well doesn't mean they will click with you.
- Talk with the consultants—probably by phone at first but always in person. Ask them, upfront, how they charge and what they propose to do for and with you; ask them what they can do that you cannot. Ask then, also, who in their firm will you be working with.

Then, take the consultant to lunch—do you like eating with this person? Often an informal setting will tell you more about how you will work with a person than a formal interview, important as that is. And remember to have that lunch with the person or persons who will actually conduct the audit. The company “rainmaker” may be a solid and likeable individual, but the person who shows up to perform the audit is the one you want to vet.

- Check references, looking especially at organizations similar to yours. Ask about the results of the audit: Did it help? Did it provide a focus? Did it provide specific recommendations? And ask about the consultants themselves: Were they pleasant to work with? Did they listen attentively and effectively? Did they bring a level of expertise and experience that contributed to the value of the program? Finally, if you want specific recommendations on planned giving, did they possess a level of understanding and proficiency in the intricacies of gift planning options to be able to guide you and your staff to a clear understanding of a new set of gift possibilities?
- Ask for a brief contract first to test the waters, to see whether this consultant is the one with whom you want to work.
- Make sure the contract includes a final report not only about the strengths and opportunities inherent in your program, but one that also will incorporate a clear set of recommendations for action.

Structure the audit for maximum benefit

The most productive audits derive from both consultants' areas of focus and from your organization's own priorities. For those development operations that suffer from a lack of on-the-road planned giving officers but who have no money to hire anyone else, be candidly specific about needs. Say clearly “we have no options to hire anyone else; what can we do with the personnel we have?” Or if the office has a weak link, perhaps an administrative assistant who refuses to use mail merge (don't laugh—such a person exists) or a planned giving officer who will not make visits, be candid about weaknesses up front and ask for suggestions.

For the past several years, the National Association of Charitable Gift Planners has convened a task force to examine guidelines for developing metrics for planned giving programs and officers. Although the Task Force continues to work through the details of its recommendations, it will release this fall a framework for evaluating the strengths of successful planned giving programs and developed a set of global criteria for assessing those elements critical to success. Following these national guidelines, be sure that the audit will address the following three questions:

1. *Does your program have support from the top?*

Support from the top involves more than a passive acknowledgement of planned giving as an integral part of the development effort. It also includes a clear top-down plan that incorporates planned giving—both of non-cash current gifts and of deferred gifts, both revocable and irrevocable—as key to the plan implementation.

Support from the top also means more than support from organizational management, starting with the CEO and CFO. It also includes support from the board. Thus, a good planned giving audit should embrace interviews with those corporate leaders, including key members of the governing board.

2. *Does your program have the ability and capacity to execute?*

Ability to execute does not demand a dedicated person or persons who do nothing but planned giving, especially if planned giving in this context means only working on estate gifts. Rather, ability to execute focuses on access to technical help when needed (which could come from internal staff or from outside experts) while training all front-line fundraisers in planned giving principles in order that all would be able to identify a planned gift opportunity (again, current or deferred) when they encounter one.

Ability to execute also requires clear and manageable processes for filing and accessing call reports and donor information, for developing and tracking donor strategies, and for measuring staff effectiveness—as a staff—in their work. A good “moves management” system is also crucial to a well-run planned giving program. Addressing these issues is also a part of a solid audit.

3. *Does your program focus on donor-centric strategies and engagement?*

A successful planned giving program requires patience; but even more it requires meaningful donor engagement. Study after study has verified that the more donors are engaged with the organization, the more open they will be to conversations about larger gift commitments, both now and in the future. Without a strong donor stewardship plan, that prioritizes moving a donor toward a gift decision but also recognizes that donors make major philanthropic decisions on their own timetable, gift decisions are likely to be

smaller than they otherwise might be. Those decisions also become reduced to one-off transactions rather than a step in a life-long process of philanthropic commitment.

Clear and thoughtful planned gift marketing and donor stewardship are, therefore, key to success, and a good audit should address these issues as well as the technical preparedness of the staff. Treating donors as partners in the process instead of as customers to be sold will produce far better benefits, far more enthusiastic givers, and larger gift commitments. These issues, too, are part of the focus of a successful audit.

Conclusion

We all know that an outside perspective and an unbiased analysis of our programs can provide much needed impetus for improvement. A good audit will do just that. But following some of the guidelines we suggest will help to ensure that the results of your audit are worth the time, energy, and resources that you are expending. A successful audit will help you focus on which steps to take, how to allocate your resources (both personnel and financial), and how to focus on developing your program's priorities, all of which should result in more and larger gift commitments to a cause you, and your engaged donors, believe in.