

PLANNED GIVING T·O·D·A·Y[®]

THE PRACTICAL NEWSLETTER FOR GIFT-PLANNING PROFESSIONALS

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State of the E-Art: Are Tried and True Marketing Efforts Out of Date?

BY ROB BLIZARD

Remember the refrains of the 1980s bubble gum tune “Video Killed the Radio Star”? That ditty bemoaned the triumph of MTV icons eclipsing long-time singers who first found fame with radio audiences. “Rewritten by machine and new technology,” the song wailed.

Likewise, during the sweeping advent of online commerce in the last 10 years, planned giving professionals may have expected a lot from e-marketing. Communicating via Web sites and email loomed as the new-fangled “video star” that might equal or surpass the tried and true “radio star” methods of generating planned gifts: direct mail, phone calls, personal visits, and special events.

But has such a transmogrification taken place?

When the Internet shifted into high gear and began to transform the American workplace, there was much heralding of the paperless office. Yet the paperless office, as everyone knows, has not entirely come to pass.

Unlike MTV, e-marketing for planned gifts, despite some notable successes, may be the revolution that wasn't. Or at least the back-burner revolution percolating on low heat.

Early Returns

Planned giving programs across the nation have taken the e-marketing plunge. They have launched their own portion of their organization's Web sites, interacted with donors via email and online forms,

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Measuring the Performance of Gift-Planning Officers, PART I

BY JOSEPH O. BULL

Over the past 40 years, there has been an evolution in the world of planned giving. The pace of this change has been rapid, and the speed of change appears to be increasing.

Four decades ago, only the largest charitable organizations had a “deferred gift” program. Then along came the Tax Reform Act of 1969 and, by the early to mid-1980s, deferred giving offices had been replaced by “planned giving” offices.

Next came the go-go 1990s, and nearly every charity wanted a seat on the planned giving train. During this period, offices of “charitable gift planning” began to emerge.

The market correction that ushered in the turn of the 21st century set in motion yet another series of changes in the planned giving world. More and more charitable organizations of all sizes began to combine traditionally separate major gift and planned gift offices (this trend continues to the present day).

At the same time, many organizations created offices of principal (or strategic) gifts which focus on the large contributions at the very top of the gift pyramid. This type of gift is secured through a combination of solid gift-planning work and

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Planned Giving Today serves the planned giving community as a practical resource for education, information, inspiration and professional linkage. It helps gift planners enable others to give generously and prudently.

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added gift calculators, and worked with consultants to add estate-planning material. Standing back after a decade of beefing up their online planned giving presences, however, one might ask to what cumulative effect.

In its *Fundraising Well* newsletter of September 2007, Blackbaud, which provides services to numerous charities, issued results of a survey of 600 nonprofit professionals to “compile a thorough picture of the state of nonprofit Internet marketing today.”

Results showed that the majority of respondents stated that their e-newsletter subscription to supporters has grown over the past 12 months (59 percent) and that their organizations accepted donations online (70 percent). Nonprofit Web sites have, without question, served as successful venues for accepting smaller-dollar donations.

Even so, for many planned giving folks around the country, the jury still seems out on e-marketing’s efficacy. Is it anything more than simply one more tool in the planned gift marketer’s tool belt to generating quality leads and/or closing gifts?

“Although we are getting a fair amount of traffic on our Web page that we launched five years ago,” says John Woods, director of planned giving at the University of Arizona Foundation, “I do not think a lot of our audience is Web-savvy yet. I also do not see an increasing percentage of our leads coming from online activity.”

Woods, who uses a vendor to supply Web content and design for his planned giving pages, says he plans to work with the same vendor to develop what are known as “blast emails.” These messages are sent to mass lists of donors for whom organizations have verified email addresses.

Despite Woods’ desire “to ideally have additional resources to e-market more,” he admits that he “cannot track the usefulness” of his online gift calculator. He also is not able to connect activity on his Web pages to bottom-line numbers. Furthermore, interest in a special e-brochure is low: “We are not getting a lot of responses, but they are better than nothing.”

Not So Stellar

Better than nothing. That sentiment is echoed in the comments of John McKee, director of gift planning at the University of Maryland. His program has operated a vendor-provided planned giving Web page

for four years. In 2003 and 2004, he also tested e-newsletters to estate planning professionals and a small list of prospects.

“I can’t recall any of the donors ever mentioning those emails,” McKee says. “And since then, we have not done any direct e-marketing.”

Instead, he notes, “We have success with old-fashioned methods: direct mail, referrals from major gift officers, and an estate-planning course that we mail to donors. Online activity has never been a significant source of leads. In fact, I notice declining traffic from the time we launched our planned giving Web pages, despite including our Web address on all of our mailings and letterhead.”

Furthermore, McKee says, the online calculator on the University of Maryland Web site “gets action only about once a month.”

“We can see site visitors run calculations themselves, but in my opinion the calculator does not provide much value,” he explains. “I would prefer that donors ask us for information so that we can talk to them about what they are trying to accomplish before they have numbers in front of them. For me, the illustration is not helpful at the beginning of the discussion but, rather, closer to the end.”

The ethos of online marketing as necessary but lackluster marketing component will shape McKee’s planned giving communication efforts for some time.

“Our e-marketing is useful for providing information and assisting with donor relations, but phone calls, face-to-face visits, and direct mail will be our central marketing strategies for the foreseeable future. Paying for in-depth articles is a certainty while we can afford them, but I don’t see making an extra investment right now when the site is not generating a significant amount of leads. We could do almost all that we do without our Web site, I suspect.”

Newer Players

As one example of a nonprofit new to marketing planned gifts online, the United Negro College Fund (UNCF) just last year expanded its e-marketing and debuted planned giving Web pages among other initiatives.

Francene Walker, national director of individual and planned giving, says, “We receive a small number of inquiries from these pages but I would not consider this a trend. Perhaps donors use the gift calculator for their private information, but their

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**ASPCA has closed
gift annuities only
through e-contact.**

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inquiries via phone and email don't suggest that they use it to finalize their decision to give a gift. They often want to talk to someone first."

She acknowledges, however, that UNCF has done little to drive donors to the planned giving Web site. Why not? Walker never expected online marketing to be a panacea for boosting planned gift inquiries.

"When it comes to donors making large gifts, I never had huge expectations of any of the online tools — for planned giving or otherwise. Fundraising is about building relationships and, while I expected some leads from the Web site, I did not anticipate e-marketing to be an enormous generator of leads."

Still, the experience has been a tad disappointing, despite lessons learned. "Rarely," she declares, "has donor contact from our Web site resulted in a closed gift, other than people letting us know that they have named us in their wills."

As a result, an assessment of e-marketing at UNCF is in the works for 2008. Walker says that more than anything else she would like to add a bequest notification form to her site.

Check All That Apply

Blackbaud's 2007 survey results show that just a small minority of nonprofit Web sites are offering members-only sections (18 percent), allowing supporters to interact with each other (9 percent), or displaying differing gift amount options based on a visitor's complete giving history (5 percent).

The options for Web site enhancements are vast. But are they fruitful or even wanted?

Despite less-than-amazing returns from their planned giving Web page forays, Woods, McKee, and Walker all say they wish they had more staff resources to engage in additional e-marketing initiatives. They currently spend \$5,000 or less per year for e-marketing services. Other planned giving marketing activities take greater priority, however.

"Right now," McKee points out, "we are too short-staffed to consider new online marketing efforts. And we are focusing instead on direct mail, more visits, and donor database improvements. My instinct is that those activities are much more beneficial in generating new gifts than anything electronic I can think of."

Needless to say, other e-technologies like instant messaging, podcasts, or online

advertising on other sites are not figuring into the marketing plans of planned giving directors Woods, McKee, or Walker.

Forms of e-stewardship, such as setting up special email lists in order for the organization to deliver news to donors or to talk to major or planned gift donors in a different way, also seem to be in nascent stages.

Icing on Some Cakes

Not all nonprofits feel let down about their e-marketing efforts. Some success stories shatter the conventional wisdom.

The Nature Conservancy (TNC) recently closed a six-figure gift annuity solely through email contact with a donor who'd run his own scenario with the charity's online gift calculator and conferred minimally with staff, according to Ed Cadogan, senior associate director of gift planning.

Cadogan also tells the story of a donor who included TNC and another organization on the same initial email inquiry. The other organization never responded to the donor, leading the donor to fund a \$450,000 charitable remainder unitrust to benefit TNC.

With a planned giving Web site less than two years old that is bolstered by the organization's weekly news alerts that occasionally link to planned giving information, the American Society for the Prevention of Cruelty to Animals (ASPCA) has closed gift annuities only through e-contact.

"The donor will complete our online form and then we email back a brief proposal. If the donor is interested, we email a more detailed proposal letter and application. When we receive the completed application with a check or securities are transferred, that may be the first time we have direct contact with the donor," says Matthew Bershader, the ASPCA's vice president of development and special giving.

Charles Schultz, president of Crescendo Interactive, tells of a university client who recently received a gift of \$3 million from a donor who visited the planned giving Web site for information as a first step.

He also notes that one of his client organizations received a call from an 83-year-old donor who ran an online gift calculation. Her question: "Do you have gift annuities for \$100,000?" The gift was completed and the e-marketing potential realized.

Meanwhile, Nathan Stelter, marketing consultant for the Stelter Company, says he is seeing the online marketing revolution evolving among some of his clients.

"More and more, nonprofits are having terrific success and closing planned gifts from leads that first materialized via Web

contact or email.” He cites a \$600,000 charitable remainder trust benefiting a Maryland prep school, and a Florida university receiving a \$1 million gift.

Such cases indeed represent the kind of success for which e-marketing of planned gifts holds such potential.

What the Prognosticators Say

“We have worked with more than 1,000 nonprofits on their e-marketing for planned giving,” Stelter says. “We knew online marketing would help educate and motivate many donors so that they are more versed in the available options when they are ready to act. This can only help the teams of professionals working with those donors.”

The best strategies for a successful return in e-marketing investments? Stelter advises, “Keeping it simple is our philosophy. Dynamic gift-planning tools, fresh monthly content, and electronic outreach to donors and/or advisors all serve to plant the proverbial gift-planning seed. We are seeing nonprofits increase both gifts and gift expectancies through wise e-marketing. Many of our clients have subsequently closed gifts from conversations that began through Internet-driven contact.”

Volume is also a consideration. According to Schultz, “Many gift planners regularly make email or Web site contacts with only 1 percent of their support base. Those who increase their regular electronic communication ratios to 30 percent or more will often double their planned gifts production.”

He also encourages gift planners and nonprofit executives to “involve board members in the discussion of e-marketing potential, because they often will support the program and fund the requisite budget.”

“E” on Down the Road

While e-marketing may not be revolutionizing charities’ efforts for marketing to receive planned gifts, such change to “video star” from its current status as tool-belt necessity may have its day in the next few years — especially as more Web-savvy generations age, earn higher salaries, and become engaged in the throes of estate planning.

“Seniors will become very comfortable online,” Schultz instructs. “They will expect to interact with gift planners by email and through the Web site.”

“In fact,” he theorizes, “most charities should have a goal for 60 percent of contacts to be electronic by 2010. This ‘e-contact ratio’ will produce a substantial increase in planned gifts.”

Tips for Improving Your E-Marketing for Planned Gifts

Since consensus dictates that online marketing for planned gifts is essential, although perhaps not transformative, managers can take some significant steps to educate and encourage donors and prospects. Among the tips offered by Nathan Stelter of the Stelter Company and Charles Schultz of Crescendo Interactive are these suggestions for improving your chances of generating leads:

- ◆ Change content on a regular basis.
- ◆ Build your email list by capturing addresses whenever possible.
- ◆ Reach out proactively to donors and advisors, but avoid overkill if sending out blast emails, which may turn off recipients.
- ◆ Consider using data enrichment services (i.e., email appends, age overlays) to fill in gaps in your database.
- ◆ Piggyback onto current organizational blast emails and use your own email signature line to promote your message.
- ◆ Use direct mail pieces — and not just those that focus exclusively on planned giving — to market planned giving Web pages.
- ◆ Ensure ease of navigation from the main home page.
- ◆ Ensure that your Web site and other communications sufficiently welcome and encourage e-contact and always respond rapidly to e-inquiries.
- ◆ Consider messaging that overlaps and reinforces all planned gift marketing efforts. For example, promote the online gift calculator in direct mail pieces.
- ◆ Include a clear call to action and make it easy for readers to determine how to respond, i.e., list contact information prominently.
- ◆ Remember that many donors, especially older ones, feel uncomfortable providing personal data or information about their wealth via emails or online forms; therefore, consider online forms that ask for a minimum of information.
- ◆ Have educational content available online or ready to send in email responses.

In the meantime, however, the status quo prevails and expectations hang in the balance.

“I think everyone understands that we have to provide a meaningful Web page and email marketing,” Woods says. “While the resultant volume of responses is not knocking our socks off now, we believe that will come with time.”

And, in the world of planned giving, this means a healthy life left at this time for the marketing “radio stars” of personal contact and direct mail that are still proving to be the most effective devices for generating leads and booking gifts. ◆

**The status quo prevails
and expectations hang
in the balance.**

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