

# AN INTEGRATED RESOURCE DEVELOPMENT APPROACH: The Philadelphia Experience

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*Because of declining annual campaign revenues, the Philadelphia federation moved from an event-driven to a donor-centered integrated development model. The move involved major structural changes, a new vocabulary and way of thinking, and a new culture of development, all based on the simple concept that donors are the federation's most important asset. This new model reversed the downward trend in the annual campaign and yielded increased revenues.*

## THE CASE FOR CHANGE

The donor-centered development model adopted by the Jewish Federation of Greater Philadelphia (JFGP) grew out of a need to respond to a \$3,000,000 shortfall in its 1993 campaign and a recognition that donors are the most valuable component of the federation. JFGP reduced its operating budget by \$500,000 in 1994 and \$1,000,000 in 1995. The donor-centered development model reversed the downward campaign spiral and yielded a \$250,000 increase in 1994 and a \$750,000 increase in 1995.

Philadelphia, like most communities, is struggling with the same issue: how to raise more funds to ensure that essential services are provided to those in need. The rationale for change has six distinct components: competition, market, product, process, results, and opportunity.

1. *Competition:* There are hundreds of thousands of nonprofit organizations in the United States hiring sophisticated fund-raising consultants and staff.
2. *Market:* The Jewish community in Philadelphia is divided into two primary giving segments: the World War II (WWII) generation and the baby boomers. When members of the WWII generation were in their forties, they gave 90 percent of their philanthropic dollars to Jewish causes, and they felt comfortable giving to umbrella organizations. Today, baby boomers give 30 percent of their philanthropic dollars to Jewish causes and want to see and feel their money at work.
3. *Product:* The product is changing. In the past, the priority issue was ensuring that the Holocaust never happened again and helping maintain the strength of the State of Israel. Giving to the campaign was conceived as paying a Jewish tax. Today, the priority issue is identity/assimilation and meeting human needs. The buzzword of the 1990s is continuity.
4. *Process:* Modern technology has raised donors' expectations. They expect to be dealt with on a one-to-one basis and require an immediate response. All written/graphic materials need a strategic plan in order to communicate a message of donor-centered policies.
5. *Results:* Of the past ten JFGB campaigns, only one has produced an increase in dollars, four have been flat, and five have resulted in decreased allocations.
6. *Opportunity:* Community members are open to a different method of operation. They want to be treated as individuals and are receptive to personal meetings.

## **Overview: The Philadelphia Model**

During 1994/95, the JFGP made numerous changes in its organizational structure and its development process, which moved from an event-driven campaign to a donor-centered model, as illustrated by the later description of the King Solomon Division. In 1994, over 75 individual campaign events were held; in contrast, in 1995, there were less than a dozen. Trades and Professions were disbanded, a greater emphasis was placed on direct response and telemarketing for the lower end of the campaign, a Donor Relations/ Customer Service Department was established, and the first donor recognition event was held.

Perhaps the most challenging innovation in the federation was changing a culture and introducing an integrated development process that grew out of a two-year strategic planning process.

### **CHANGING A CULTURE**

#### **Strategic Planning Process**

The donor-centered development model is based on an integrated approach to relationships with donors that was formulated by a Financial Resource Development Committee, which began meeting in 1992 after the completion of a federation-wide strategic planning process. It was guided by the simple concept that donors are the federation's most important asset. Familiar campaign terms, such as closing cards, which negate the fact that a donor has individual needs, desires, and time tables, have been replaced by language that conveys a tone of individual respect. Energy is being concentrated in three areas:

1. listening to donors
2. communicating on a regular/year-round basis, rather than once a year to ask for a gift
3. treating each donor as an individual with unique feelings and philanthropic interests

## **Training**

The first step in implementing the integrated development process and fostering a changing culture was to provide training to the professional staff. Major training sessions for professionals, including those working in the King Solomon Division, were held over three days. Their goal, to enable the participants to identify and speak about change, their role, and the goals for the campaign, was accomplished through the following training components:

### **1. Day One**

- **The Changing Organization:** understand why change is needed, understand the new structure of the development model, be able to detail how the professional's role will be different, and define how success will be measured in a donor-centered model
- **The Big Picture—How the System Works:** understand primary functions of local agencies, how local federations work with national agencies, and how dollars are distributed

### **2. Day Two**

- **Volunteer/Professional Role:** identify key elements necessary for maintaining positive volunteer/professional relationships
- **Research:** identify sources of donor information, understand the importance of collecting background information before initial contact, and use techniques to identify new prospects
- **Appointment Setting:** identify key elements in appointment setting, handle objections to appointment setting, and recognize when an appointment setting call should become a solicitation
- **Meeting Preparation:** recognize the varied purposes of donor meetings, identify key elements of meeting preparation, develop meeting strategies, practice question preparation, and understand the professional's

role in working with volunteers to plan donor meetings

3. Day Three

- The Meeting: identify the components of a successful donor meeting and practice conducting a meeting
- Stewardship and Recognition: identify appropriate follow-up methods to use after donor visits
- Pulling It All Together: identify personal and departmental objectives, review management and reporting tools, and discuss ethical concerns and basic etiquette

In addition, a one-day endowment seminar was held to provide professionals with an understanding of endowment development and its relationship to the donor-centered model. The seminar focused on various endowment options and provided information about developing Letters of Intent and bequests.

### **INTEGRATED DEVELOPMENT MODEL**

#### **Goals**

The donor-centered model has several features:

- building relationships with donors, identifying their interests, and relating those interests to communal needs
- relating to different market segments in the donor base
- cross-training campaign and endowment professionals/volunteers to enable combined gift discussions that avoid the duplication of meetings and multiple appeals from the federation, especially within the major gift area
- using charitable gift planning techniques during annual gift discussions at all levels across the campaign

#### **Structural Changes**

In a traditional campaign one professional usually staffs a division (or several divisions) and works with volunteers in cover-

ing the division. The donor-centered model involved volunteers and professionals in a team approach (see Table 1).

Emphasis is also placed on the pre- and post-meeting components, such as researching the prospect/donor for special interests, past contacts, setting the appointment, preparing for a meeting, doing follow-up (completing gift developer report forms and contact reports), sending personalized thank you notes and invitations to other programs, and the like.

#### **Changes in Messages to Donors and Use of Terminology**

Since language affects attitudes and values, a new vocabulary and way of thinking was introduced, as is illustrated in Table 2.

### **KING SOLOMON DIVISION**

#### **Structure**

To illustrate the implementation of the integrated development model, this section describes the King Solomon Division (KSD), which encompasses 2,300 donors who contribute between \$1,000 and \$9,999 to the annual Federation Allied Jewish Appeal (FAJA) campaign for a total of \$4.5 million.

A redeployment of development budget dollars was undertaken for KSD. Five full-time professionals were allocated to this division, and each was assigned approximately 250 to 400 donors. Although the professionals were a bit anxious about their change in role and function, it was also exciting because the federation made it clear that this model was to be at the forefront of the next century.

In addition, the development department undertook an intense direct response effort involving telemarketing and direct mail to help support the campaign and reach donors under \$1,000. An outside firm, Heartland Marketing, was hired and a volunteer committee established to work effectively and be responsive to this important segment of the community.

Table 1. Structural Changes in the Donor-Centered Model

<u>Components</u>	<u>Campaign (Old System)</u>	<u>Integrated Development (New Model)</u>
Number of staff	One	Five
Responsibilities of the professional	Works with a chair and a committee to ensure that cards are assigned and closed within a specific campaign calendar. Organizes meetings, events, and outreach programs; facilitates education sessions; communicates the need for pace, deadlines, etc. May also close gifts.	Each professional has assignments either in partnership with volunteers or individually to begin developing relationships with donors; discuss their needs, interests, and involvement in federation activities; and secure a gift in a face-to-face meeting.
Division organization	Cards are assigned. Volunteer makes contact with donor and secures a gift, and a generic thank you note is generated by the professional.	Contact with the donor is seen as an ongoing process, and the following components are included in all dialogues: Thanking the donor for past support, developing a personal relationship, securing an annual FAJA gift, introducing the Letter of Intent, asking for a referral for this type of meeting process, and compiling profile reports/follow-up.
Number of campaign events held	In 1994, 75	In 1995, 12

In the KSD, professionals and volunteers work together in preparation for meetings by doing the following tasks:

- developing an individual strategy for each donor/prospect
- identifying meeting goals and reviewing existing research
- gathering information in advance of the meeting by talking to key volunteers/professionals
- reviewing roles for the meeting
- planning the opening of the meeting
- building rapport with the donor/prospect by asking open-ended questions
- linking donors'/prospects' interests to federation activities
- gaining commitment/agreement on further contact/next steps
- maintaining and updating donor files and adding information from cultivation contacts
- tracking the donor/prospect over a period of years

**Training/Support**

Each professional was expected to develop a plan on outreach to his or her donors and prospects. Experience indicated that a professional needed to make eight dials (telephone calls) to reach one donor. Therefore, if a professional had a portfolio of 400 donors who needed to be contacted within eight months, then 3200 dials were needed. This meant 400 dials a month, 100 dials per week, or 25 dials for four days. From 25 dials, it was reasonable to expect three contacts and two appointments or two closed gifts. To support the professionals, weekly team meetings were held as well as bi-monthly individual supervision and team debriefings on appointments.

**New Donor Relationships**

Creating and maintaining dialogues with donors is the key to successful relations. Listed below are a series of open-end questions designed to facilitate communication with donors:

Table 2. Changes in Message and Terminology

**Old Way**

Professional spends day in office/administrative tasks  
 Solicitee is a card  
 Solicitor is a volunteer  
 Solicitor works individually  
 Solicitation is a one-time annual contact to request a gift

Solicitor approaches donor with minimal information  
 Professionals are reactive to volunteer initiatives

Events are the focal point of divisional activity

At an event, professionals sit with peers  
 At an event, professionals have assigned responsibilities

Gift planning does not exist

Donor's gift is entered into the computer; information obtained remains in the head of the professional

Professionals are concerned only about having the volunteers solicit the prospects within their division  
 All donors receive a typed generic acknowledgement of a gift

**New Way**

Professional attends out-of office meetings with donors  
 Solicitee is a donor or prospect  
 Gift developer is a volunteer and/or a professional  
 Gift developers work in teams  
 A gift development meeting is a thoughtful ongoing contact with donors to cultivate and build, relationships and discuss various gift giving opportunities  
 Research on each prospect is key  
 Professionals are comfortable being proactive with relationships and projects, e.g., meeting a major donor while on a visit in the neighborhood  
 Ongoing contact with an individual donor is the focal point of all activity  
 At an event, professionals and volunteers mingle  
 At all events, professionals take the initiative to introduce themselves and talk and sit with donors  
 Gift planning is an ongoing process whereby professional and volunteer work with donor to achieve personal and communal goals  
 Professional maintains records through management information system (MIS). Any pertinent information is recorded and made available for all future gift developers  
 Professionals are constantly looking for new prospects or information to uncover prospects  
 Major donors are called and thanked personally for their ongoing support

- You've been a terrific supporter, why?
- What has been most and least rewarding about your giving?
- In what other ways can you help our community achieve its goals?
- Have you ever been to Israel?
- Have you or your family received services from local agencies?
- In what other Jewish activities are you involved?
- What other philanthropic interests do you support?
- Tell me about your business/professional responsibilities.
- Tell me about your family.
- What are your concerns about the Jewish people, Israel, Philadelphia?

**Results**

Of the five professionals who began with KSD, two voluntarily left the federation to pursue other opportunities, and one went on maternity leave. A part-time professional was hired for the remainder of the campaign, which was thus staffed by 2½ professionals. Nonetheless, despite the decrease in staff, the results proved exciting.

The total number of gifts closed by KSD professionals was 784, 34 percent of the whole division, resulting in \$1,300,000. The overall gift-for-gift increase was 10 percent, which is a 4 percent increase over the entire campaign increase. (Most of the gifts assigned to professionals were at the low and flat end of the division.)

Almost 30 percent of the professionally

led gifts were closed by face-to-face meetings. There was a 15 percent increase on these gifts (150% over the campaign increase). In addition, 323 people did not want appointments, but for the most part were intrigued by the request for one and made a 6 percent increase gift for gift. Also significant was that another 30 percent of the division gifts were closed through the mail after contact and conversation with the professional. There was an 11 percent gift-for-gift increase on those gifts. Forty-six skips were recaptured for 1995, which amounted to almost \$72,000 at approximately \$1,500 per gift; nine Letters of Intent were signed representing 1.1 percent of the donors, but more importantly, each appointment and most conversations introduced the concept. On Philadelphia's latest mega mission, Mission 1000 for the 1995 campaign, over 65 Letters of Intent were signed, and follow-up is ongoing.

Three endowment vehicles were established that could equal at least \$2.6 million when executed. A \$192,000 charitable remainder trust has already been set up, and in the works are a \$2 million supported foundation and a \$500,000 charitable remainder trust. Through conversation with one donor, a professional uncovered a passion for Jewish continuity that included a desire for involvement of his children in distribution recommendations, and, for another donor, the need for income to be given to a friend for the remainder of her life and then turned over to federation.

Eighty volunteers worked in KSD and closed 419 gifts valuing \$1,949,270. Thirteen percent were face-to-face appointments, and another 20 percent were closed in face discussions at events. The gift-for-gift increase on appointments was 17 percent, and the increase at events was 4 percent. This presentation accounted for 1,203 gifts. Another 1,097 gifts (\$1,318,735) were secured by donor-initiated action. Through federation direct mail or telemarketing, \$3,262,706 were closed by volunteers and professionals.

## **PROBLEMS AND RECOMMENDATIONS**

### **Pace**

During the course of the 1995 campaign concern centered around the desire to balance a healthy respect for pace with the concept of development.

By May 1, 1995, the 1995 campaign pace was behind by 4,234 gifts and \$4,259,381 compared with the 1994 campaign. At that point, a corrective was built into the development model because more gifts had to be closed faster or the campaign would be in jeopardy.

The dilemma was how to communicate to gift developers that equal energy must be focused on closing gifts as on developing relationships. It was decided that the cyclical process of development would be stressed. Development and campaign do not happen in vacuums. It is important that both happen and happen well, but which comes first is less important. If a gift is closed, a meeting can follow, and by the time the next campaign comes around, a full year of development would have taken place.

### **Recommendations**

Based on the Philadelphia experience, the following recommendations are made to aid those communities contemplating the adoption of new development approaches:

- Do not underestimate the time needed to change thinking and attitudes. New vocabulary and actions take time to be internalized. Allow for that time. To get to the future, an organization must be willing to jettison its past. God created the world in six days, but He did not have a committee.
- Consider ongoing training sessions to share success stories and problems. Make sure the message being interpreted is correct, and be clear about what the message is. We found that volunteers were so busy doing integrated development that they forgot to close the gift.

Unlearning must take place before real learning can begin.

- Remember that donor-focused gift development does not mean that the concept of pace becomes less important. Opportunities to create deadlines are just as important as in an event-driven campaign. Donor-centered gift development and maintaining pace are not mutually exclusive, though they may be a challenge to achieve simultaneously!
- Be sure to build in the proper support to enhance donor-centered models. What new recognition opportunities will be introduced? One can change words, but actions reinforce the message. (Philadelphia introduced its first donor recognition event with Gerta Klein and the HBO special on her life, and a donor "thank you" calendar was produced with photographs from the Philadelphia historical archives.)
- Do not backslide! If things are not moving along as quickly as one would like, probe deeper into the cause. We found that volunteers and professionals over-compensated when it came to developing relationships. They did not want to fail in the new model and were afraid of "defaulting" back to what was familiar.
- Prepare the community for the simple fact that developing or adopting a plan is the easy part of visioning. What many communities do not realize is the difficulty of implementation.
- Remember that total organization buy-in to any new plan is key. All top volunteers and professionals must focus their intellectual and emotional energy on nurturing the new concept. This is just as important as allocating financial capital for the project. Flexibility and the ability to build in correctives must also be stressed.
- Clearly define the parameters of the new task. Dismantling a system without putting a clear and compelling sense of direction in its place is a recipe for chaos.

## CONCLUSION

In 1995, the donor-centered model was introduced, and the integrated approach was deployed to focus volunteers and professionals on face-to-face gift development meetings with donors, rather than on mass campaign events. The importance of making every gift count and treating donors as individuals with their own series of needs, wants, and desires, was the basis for the 1995 campaign.

Philadelphia's new donor-centered development model is alive and well, and being modified and nurtured on an ongoing basis. The individuals who painstakingly developed the original plan are to be commended, as are those on the front line implementing the model. Making a difference, inventing new fund-raising opportunities, generating funds, and building a legacy that will last well into the 21st century are the objectives of the integrated approach.

The 1997 campaign will look more like a traditional campaign with a major gifts corridor from September to December. A snowbird campaign will kick-off in July, and the community phase of the campaign will begin in December with a Jewish Heritage Festival (formally known as Super Sunday). A \$1,000 event will conclude the community phase, which will then usher in the closing corridor phase.

The 1997 and future campaigns will reflect the best that traditional campaigns have to offer—goal-setting process, major gifts corridor, and the like—and incorporate aspects of the development model, such as segmenting donor markets for increased benefits, donor cultivation, and recognition, and integration of endowment tools.

Shortening the campaign will allow more dollars to be raised in a shorter period of time with less wear and tear on all involved. It was also allow time for the crucial element of cultivation and relationship building that is the foundation of the Philadelphia donor-centered model.