

THE THREE KEYS

to Unlocking the Power of Big Data



*What Nonprofit and Ministry Leaders
Need to Know to Leverage Data Analytics*



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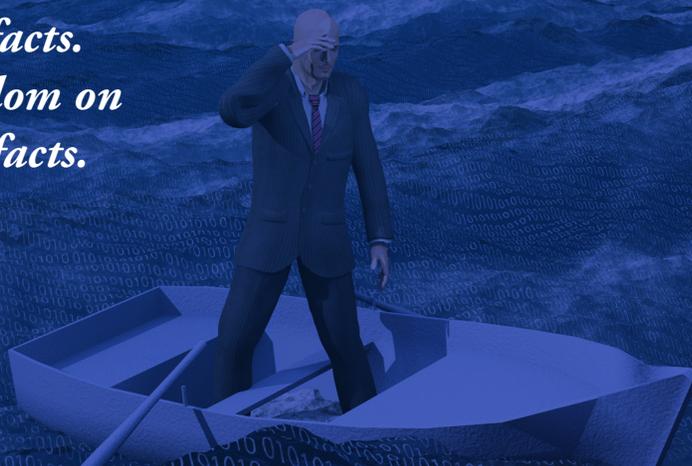
SWIMMING IN A SEA OF DATA

Drudging through mountains of wealth analytics, data models, and fundraising reports can feel as helpful as a paddle while adrift in the middle of the Pacific Ocean.

Sure, you've got the tools — *but where do you go?*

If you're part of cultivating asset-based gifts, major gifts, or planned gifts, you know what swimming in a sea of data can feel like.

Another big problem is that big data is limited, in that it can only give you facts. It can't give you wisdom on what to do with the facts.



For example, now that you've identified the high net worth individuals in your database, how much do you ask them for? When should you ask them?

Here are several issues they may be facing that are not readily seen.

- 1. Donors who are business owners, may be “protecting their cash”.** Business owners are always on the alert for upcoming threats or opportunities that will require cash. **Their real wealth is in their assets not their checkbook.**
- 2. They may not be ready to give to your organization at that level.** Larger gifts require a higher level of cultivation and trust. It could be that more cultivation or a greater clarity on how you will use their gift is needed.
- 3. You are too focused on data telling you about a cash gift capacity.** Because the majority of some donor's wealth is wrapped up in assets, you could be asking them for \$50,000 when they could be giving \$500,000 if they only knew how to give you a building or a piece of stock in their family business.

“The vast majority of Target Analytics nonprofit clients use the provided data to simply ask for larger cash gifts. Very few understand and take action on the much larger gifts that may come from assets such as land, commercial property or family business interests.”

Lawrence C. Henze, J.D.
Principal Consultant, Target Analytics

As you can see, you need more than knowledge — that is, “big data” — to successfully cultivate transformational gifts for your organization. You’ve got to unlock the power of big data with the wisdom to know:

When you shift your focus to asset-based giving instead of asking for yet another cash-based gift.

In this ebook, we’ll show you three keys to unlocking the power of big data to realize transformational gifts for your organization. So, if you’re not realizing the gifts you should be seeing — then you’ve downloaded the right ebook!

But first, let’s define what we mean by asset-based giving and why it should be a part of every effective funding strategy.

WHAT IS ASSET-BASED GIVING?

No funding strategy produces a larger ROI (return on investment) than one focused on assets. But don't take our word for it. Go ask someone at Biola University or City of Hope. They will confirm that it is WELL worth the investment!

Asset-based gifts go beyond readily available resources like cash, stocks, and mutual funds that account for only 9% of the average American's wealth.

Asset-based gifts come out of the much larger portion of a donor's wealth, the 91% of their net worth is made up of assets such as real estate, mineral rights, family business interests, and more.

When donors mobilize these kinds of assets for your mission, they can transform your organization. There are also massive tax advantages available to the donor which can far exceed those associated with cash gifts.

It's so much more than legacy gifts!

A common (and major) mistake fundraisers make is believing that asset-based gifts only happen when someone dies. They think it's all about wills and estate plans and, in doing so, miss benefiting from transformational CURRENT gifts which originate from asset sales. For instance, a donor who owns an apartment building or warehouse that she has depreciated for 30 years will pay huge capital gains taxes when she sells. However, if she gives part or all of that asset to your organization before the sale, she is likely to reduce or even eliminate those taxes in favor of a significant gift to your organization.

With asset-based gifts, you and your donor can set it up to include a current and a future gift component.

Or, let's say your donor sold a three-million-dollar business. He could give your organization a "tithe" of 10% prior to sale and pay no tax on that portion. In addition, he might set up a million-dollar Charitable Remainder Trust that provides income for retirement and a future gift to your nonprofit.

This offers some meaningful tax and retirement benefits to your donor while giving your organization a current gift of about \$300,000 and a future gift of \$1,000,000!

Why Pursue Asset-Based Giving?

- Provides an opportunity to go deeper in relationship with the donor as you discuss heartfelt issues such as children's inheritance or the succession plan for a family business
- Makes a donor feel this was more like a ministry or a service rather than fundraising, because you've helped them solve problems they couldn't have resolved with a cash gift
- Can give fundraisers advance notice on future gifts
- Can save donors thousands or sometimes millions of dollars in taxes, allowing that money to go instead to the donor's chosen cause
- Connects the organization to family members or business associates who may have shared ownership in the asset
- Can produce some of the largest single donations you've ever received

It's Your Time to Begin Cultivating Asset-Based Gifts!

The opportunity represented by asset-based gifts is tremendous. Unfortunately, most organizations lack the in-house expertise to cultivate and execute these transformational gifts.

John Mulder, President of [WaterStone](#), recently spoke with a national Christian organization that raises \$45 million annually in current cash gifts. Yet as big as they are, the leaders felt entirely unprepared to move forward with cultivating asset-based gifts. This organization had a database packed with years of information on tens of thousands of donors — but they didn't feel ready to begin generating asset-based gifts.

It doesn't matter if you're an international organization with decades of history or a medium-sized local nonprofit, don't wait to begin cultivating asset-based transformational gifts for your charity.

With the following three keys, now is your time!



THE THREE KEYS

Big data is a tool, not a strategy. You need a larger strategy to cultivate healthy relationships that lead to transformational gifts.

When you have “big relationships” with your donors, that’s when the real solutions begin.

To make these big relationships happen, you’ve got to go from knowing about your donors (big data) to knowing your donors.

That’s why the three keys to unlocking the power of big data all have to do with your relationship with the donor. Let’s start with educating your donor on the incredible opportunity of asset-based giving.

**BIG DATA + BIG RELATIONSHIPS
= BIG IMPACT (OR VALUE)**

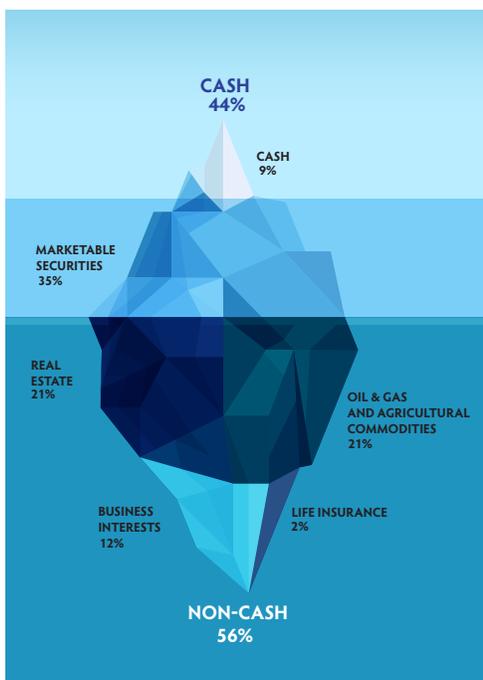
Key #1: Education Marketing

According to a Bloomerang's survey, out of the 367 organizations who participated, the vast majority of them devoted little to no time or effort to cultivating asset or estate gifts. An even larger percentage of them reported that they had no marketing material solely devoted to bequest giving.

Sadly, the results of this survey are not unique. While most nonprofit organizations understand the value of educating donors about their mission through marketing, they don't do well at communicating to donors the amazing benefits of asset-based giving.



Asset-Based Gift Marketing



Marketing messaging like the WaterStone iceberg are valuable tools to draw your donors into the asset-based conversation.

Asset-Based Gift Marketing

Because they are so widely misunderstood, cultivating asset-based gifts requires a robust education process.

Educating your donors about the many benefits of asset-based giving through marketing is the first step to cultivating transformational gifts for your organization. It takes time and is ongoing, but it will be worth it as you start conversations with donors who respond to your marketing campaigns.

Education marketing can take many forms. Webinars allow a donor to participate anonymously and from the comfort of their home. Videos can provide short, to-the-point messaging that is less intrusive than a book or 10-page newsletter. Certainly, live seminars or face-to-face meetings have their place, but can involve more planning and expense, so use them wisely!

Once you are launching your education marketing campaigns, you'll be ready to start the next step, relationship building.

Key #2: Relationship Deepening

As potential asset-based givers self-identify by responding to your education marketing campaigns, you need to have trained staff members who can follow up with donors and start the relationship building process.

Generally speaking, asset-based gifts are not spontaneous.

Gifts of assets and planned gifts are often the result of well-maintained relationships over time. It's a continuation of the donor journey.

To move donors on to an even deeper relationship with your mission, several one-on-one visits need to take place in order to candidly discuss the giver's personal and financial needs.

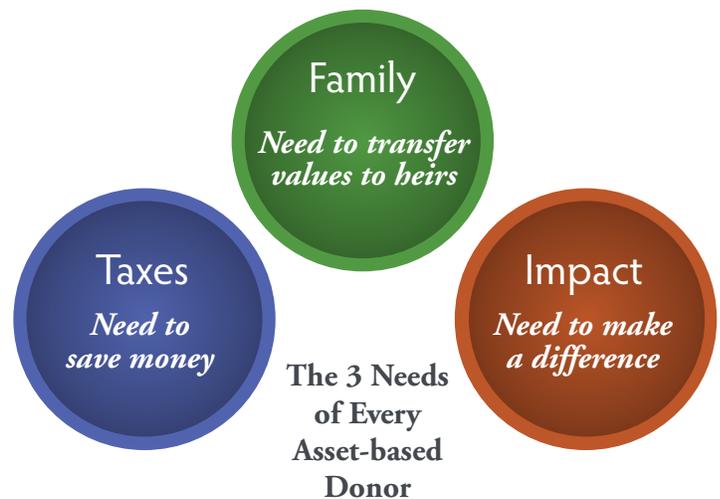
Family Needs

The very first need that motivates a donor to make an asset-based gift is the need to take care of their family. In this category, you can get into discussions with your donor about things such as inheritance or retirement, or family business succession planning.

This is an extremely intimate need. Many of your donors wake up in the middle of the night wondering about their children or grandchildren and how they will turn out.

Tax Needs

The second need that drives a large portion of asset-based gifts is the need to save on taxes. Some donors are adamant that they don't want to pay one penny more in taxes than needed. And hey, if you were spending millions of dollars in income, capital gains, real estate, or business taxes, wouldn't you rather give your money to a cause you care about?



Impact Needs

The third need that motivates donors to give asset-based gifts is the need to make a difference in their community, world, or area of concern. Giving an asset-based gift can often raise the level of impact a donor can make, giving them a greater sense of service and impact than through a cash-based gift.

Discussing these needs with your donor is a very personal process, but one that will greatly deepen your relationship with the donor so it's well worth the investment.

Big data alone simply cannot provide you insight into your donor's heart and wealth like these face-to-face conversations. Unfortunately, for most nonprofits the conversation never starts because it's too intimidating for the development officer and too personal for the donor.

But there are ways you can overcome this and make these critical conversations happen.

We'll discuss that in just a moment.



Too many nonprofits stop mapping their donor journeys at the major gift level. Go the distance with your donors and invite them to go further in their journey to become an asset-based giver.



Key #3: Expertise to Execute

Imagine you've successfully marketed the asset-based giving opportunity and built a strong relationship of trust with a donor. Now, they've contacted you to talk about the sale of their multi-million-dollar business. They want to know how donating shares of ownership to your charity can save them thousands of dollars in capital gains tax.

At first, you're exhilarated. All that hard work and patience paid off! But what do you do now?

By their nature, large asset-based gifts come with a plethora of financial and legal considerations.

To execute asset-based gifts well, you need to have the expertise on hand to craft a gift solution where the donor is rewarded with the greatest financial benefit possible while generating the highest impact for your organization as possible.

*Executing asset-based gifts is all about
optimizing the reward for the donor and
the impact for the mission.*

Protecting the Gift

If you've ever seen a major gift killed because of some neglected technicality, you know how fragile any gift can be.

Also, family and other associated parties can present a potential roadblock to a major asset-based gift. It's not unheard of for disgruntled family members or business partners to derail an estate gift or a business ownership gift before it is executed.

But having a team of experts help you to properly execute asset-based gifts can prevent gift-killing pitfalls like these from ever happening — saving you, your nonprofit, and the donor from negative tax consequences or the nightmare of a legal battle.

Creating a Rewarding Experience

At its core, executing an asset-based gift is about making the act of generosity a rewarding experience for your donor!

Using an asset-based giving expert during gift execution makes your nonprofit look good, makes donors feel safer and builds trust in your nonprofit.

And if you can make the experience memorable and rewarding for your donor, then they are more likely to share about their experience with their friends and associates.

How We Can Help

Creating asset-based gifts is a team effort for two reasons:

1. There is an inherent conflict of interest barring you from having frank conversations about your donor's assets, financial goals, and philanthropic dreams. These are highly personal discussions that most donors will not want to begin with a major donor representative from your organization.
2. Most nonprofits do not have the expertise in-house to execute complex asset-based gifts in a way that protects the gift and creates a rewarding experience for the donor.

Let's talk about solving these two major problems so that you can cultivate the transformational gifts you need for your mission.

Eliminating the Conflict of Interest

Cultivating asset-based gifts is a highly relational, personal process. To realize these transformational gifts, someone has to have targeted discussions with your potential donor about their balance sheet, tax-savings options, philanthropic goals, core values, financial concerns, and family legacy.

It's almost impossible for nonprofit leaders to initiate these conversations. As a nonprofit, you have something to gain directly from the conversation. This inherent conflict of interest makes donors hesitate to engage in this kind of intimate dialogue with you. In addition, most folks give to multiple charities, so they will naturally feel that you want ALL of their gifts and can be reluctant to share intimate personal information.



“The Giving Crowd has served as a vital asset to our major gift program at Biola University. The partnership with The Giving Crowd has given our Development team greater credibility with our donors and the opportunity to realize more significant gifts.”

— Heather Cordell, CSPG, Director of Gift Planning, Biola University



This is where **The Giving Crowd** can be a valuable, objective partner for both your donor's interests and yours.

When a nonprofit engages us, we help them identify the potential asset-based givers in their donor database. Then, the nonprofit offers our philanthropic consulting to their high capacity donors as a free service.

Because the conversation with The Giving Crowd consultant is strictly confidential, givers can speak openly about their financial situation, their dreams for the future, and difficult issues like children, etc. Of course, there will be times when the donor would like to have their long-time major donor representative be in the conversation. In that case, having The Giving Crowd there can be a valuable mentoring opportunity for the donor rep while also serving the donor.

The Giving Crowd consultant then helps the donor understand how their balance sheet assets can be used to advance the causes they care about, develop generosity in the donor's family, and save them large sums of money in taxes.



“The Giving Crowd has been a true partner with HELPS INTERNATIONAL. Over the past 4 years, they have provided incredible direction and resources that have made us more effective in our service to the people of Guatemala. We are grateful for their expertise and their passion to make us a better organization.”

— Bill McMillan, Executive Director, HELPS INTERNATIONAL

Leveraging Our Expertise

Executing asset-based gifts properly requires expertise in a host of professional disciplines.



That’s why WaterStone has multiple legal and financial experts with years of experience in their field available to help donors and nonprofits mobilize complex, sometimes heavily regulated assets for your organization’s mission.

Best of all is the benefit WaterStone provides the donor — a tax-exempt pathway for gifts that would otherwise be taxed upon sale.



“I am pleased and honored to add my endorsement of WaterStone. Our relationship of over 15 years attests to WaterStone’s integrity, creativity, and commitment to excellence that is unsurpassed in the industry.”

— Art Ally, Founder & President, Timothy Plan Funds

For more than 35 years, WaterStone has helped nonprofits release more resources to their causes through gifts of cash, securities and complex assets like real estate, business interests, oil & gas and agricultural commodities.



“We have helped our clients facilitate hundreds of accounts with WaterStone. They continue to exceed our expectations.”

— Todd Knutson, President, Kingdom Capital Fund

CONCLUSION

If you have used a large amount of your budget on big data solutions, you might be feeling incomplete. It was supposed to make fundraising easier — but now you have so many options in front of you that it's hard to know what to do.

Big data or wealth surveys can be a useful tool in cultivating asset-based gifts if you have the expertise and strategy to use the keys of education marketing, relationship building, and gift execution.

Partnering with third-party experts in asset-based giving like The Giving Crowd and WaterStone can help you unlock the power of big data with these three keys.

The philanthropic advisors at The Giving Crowd can guide you with concrete, actionable steps on how to leverage the big data to cultivate transformational gifts. Most importantly, we can help lead your donors through the asset-based giving conversation.

When your donors are ready, the financial and legal professionals at WaterStone are fully prepared to help you craft an asset-based gift solution that both rewards your donor and provides your nonprofit with the greatest impact possible from the gift.

Ready to Begin?

If you're ready to put your data analytics to good use and begin cultivating transformational gifts today, we would love to talk with you about how The Giving Crowd and WaterStone can help you serve your donors well.

Schedule your free consultation at
[**givingcrowd.co/lets-talk**](https://givingcrowd.co/lets-talk)

ABOUT THE AUTHORS



Greg Ring is the co-founder/principal of The Giving Crowd and has been a recognized expert and thought leader in the planned giving arena for the past three decades. Greg has served more than 200 ministries and nonprofits, developing and executing over \$4 billion in documented planned gifts. His passion for the nonprofit sector has led to continual improvement of the service model. The Giving Crowd builds on this rich history, engaging technology so that both the local church and the mega non-profit can participate effectively and efficiently in “the greatest transfer of wealth in history.” Greg is married with three daughters and six grandchildren, and lives in Colorado Springs.



John Mulder has served as president at WaterStone since August 2001. He has 22 years of executive experience in the financial services industry where he served as district manager of a group of banks and a trust company with more than \$750 million in assets under management. He also served as regional president of U.S. Bank and CEO of Technology Concepts, a real estate software and Internet services company. In addition, he was an adjunct faculty member at Northwestern College (St. Paul, MN) where he taught courses in finance and investments.

John currently is a church elder and serves on the Board of Kenya Hope.

John holds a B.A. in economics from Wheaton College and an M.B.A. from the University of Chicago. John and his wife Lynn, have three adult children and three grandchildren.