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PROVEN, PRACTICAL
GUIDANCE FROM
THE PLANNED
GIVING EXPERTS

Pre-philanthropy Eases Inheritors' Anxiety

BY JIM GROTE

What you have inherited, you must earn to possess.
— Goethe

Several years ago Charles Collier, author of "Wealth in Families," suggested, "We need to sharpen our ability to enter [our donor's] family system and be with them in a more deeply trusting and supportive way."¹ Instead of focusing on the needs of the non-profit institution or the financial and tax problems of the individual donor, the family-centered approach views philanthropy as an integral part of the entire intergenerational family system. Collier distinguishes three approaches to planned giving:

1. Institution-centered, where planned giving officers work hard to align a donor's charitable interests to their institution's priorities

2. Planning-centered, which emphasizes integrating a major gift with the donor's overall financial plan
3. Family-centered, which transcends institutional and financial considerations

Few people have contributed more to this new family-centered approach than Thayer Willis, LCSW an heir to the Georgia-Pacific Corporation family fortune and a licensed therapist in a suburb of Portland, Oregon. She specializes in helping inheritors take charge of their lives and their fortunes. Author of "Navigating the Dark Side of Wealth: A Life Guide for Inheritors," Willis knows firsthand that the flipside to inherited power, prestige, and possessions is often a nagging sense of guilt, apathy, and insecurity.

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New Adviser: End "Dark Side" Thinking

BY JUAN C. ROS

After an 11-year career in major gifts and planned giving, I made the leap into financial advising this past February.

A few months later, in late May, I attended the Western Regional Planned Giving Conference, as I have done every year since 2003. While the conference was its usual high quality, what made this one different for me was the reaction from friends and colleagues about my move into for-profit advising. I lost count of how many attendees said something along the lines of, "So, you've gone to the dark side!"

After the conference, this reaction weighed on me and made me wonder:

Why is it that for-profit work is seen as "dark"? Does it really have to be that way? And what can I do, having worked in gift-planning for so long, to change the perceptions of professional advisers within the philanthropic planning community?

After some reflection on this question, I have developed four primary reasons why the for-profit adviser is seen as working on the "dark side."

Distrust

One thing is obvious: There is a certain level of distrust by gift-planning profes-

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Her therapeutic experience challenges a thesis recently appearing in *New York Magazine*, the “Money-Empathy Gap,” which argues that money makes people more aggressive and less humane.² Crises in self-confidence and competence are big issues she encounters with inheritor clients. Knowing philanthropy is an integral piece of “taking charge,” Willis considers her therapeutic work to be a form of “pre-philanthropy.”

Walk in Their Shoes

Her advice to planned giving officers? Recognize that inheritors are more difficult to engage as donors than are successful entrepreneurs. Inheritors require more patience.

As difficult as it is for the nonwealthy to comprehend, inheritors often suffer from a mindset of scarcity that can block their ability to participate in serious philanthropy. Most have never made their own money so they tend to see every dollar given away as part of a zero-sum game, gone forever.

To fully appreciate the anxiety of inheritors it helps to put yourself in their shoes and imagine what they experience in their day-to-day lives:

- ◆ Picture yourself at a cocktail party and someone asks you, “So what do you do?” You stumble around a bit and finally mumble, “Oh, I do lots of things ... well, I have investments; I don’t have to do anything.”
- ◆ Imagine yourself back in your college days. Your poor but deserving best friend asks you, “Will you foot the bill for my education?” You could do it in a heartbeat. What do you do?
- ◆ Growing up rich leads you to ask yourself this question about all of your friends, lovers, and associates: “Do you like me for me, or are you just attracted to my wealth?”³

How would you react in these situations? Even more threatening is having been excluded from the school of hard knocks that forces most of us to grow up. “One reason inheritors develop late is that no one willingly walks into the kinds of experiences that tend to mature us, and many inheritors are quite successful in avoiding maturing experiences all together,” Willis explains.

Willis’ Story

The straightest path to understanding inheritors lies in the story of Thayer Willis herself, a story worth a thousand articles. In 1927, her uncle started a little company in a one-room building in Augusta, the Georgia Hardwood Lumber Company. Her father became vice president of lumber sales and exports for the company as it grew. By the time Willis was born, these farm boys from Virginia had offices in Georgia and New York and had set their sights on the Pacific Coast, changing the company’s name to Georgia-Pacific.

Willis grew up with all of the privileges and advantages you would expect — a huge, gorgeous house (some would call it a mansion) with manicured gardens ... riding lessons, piano lessons, tennis lessons. A formidable staff took care of everything, and it included two housekeepers, two cooks, tutors, a gardener, a handyman, and always at least one live-in nanny. “I knew the catering staff well,” Willis remembers. “They knew my favorite treats and often made them for me. And I thought this was normal.”

When she graduated from college at 21, with a degree in English, Willis inherited a life of financial ease. She traveled all over the world, rode horses in Europe, partied, took drugs, and did whatever she pleased. As she recalls, “I was anorexic and bulimic. I had a few part-time ‘jobs’ which I did at my convenience. Of course, the minute I didn’t like the job anymore, I’d take off. That’s pretty much what happened in my relationships, too. I wasted my twenties and I hurt a lot of people along the way.”

By the time Willis was 30, Georgia-Pacific was in the Fortune 100 and that year sales topped \$5 billion. Shortly thereafter, the company climbed to a ranking of 27 in the Fortune 100, and her life continued on its downward spiral. One day, a friend told her about a three-week personal growth program at the A.L.I.V.E. Fellowship on Orcas Island off the coast of Washington state.

She was in enough pain to say yes, but what she found was a “hippie granola” scene and primitive cabins for shelter. However, the main teacher of the program, “Bottom Line Barry,” was deadly serious. He assigned jobs to all participants

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sionals concerning the motives of financial advisers. By that term, I am referring to anyone who calls themselves a financial planner, wealth manager, investment manager, or any of the myriad names advisers give themselves.

How many gift planners have had potential gifts sabotaged because an adviser counseled a client against making the gift? Was this advice really given because the adviser felt it was not in the best interest of the client? Or, did they see some of their compensation going out the window because they would no longer be managing those assets?

What about advisers who sell insurance as part of their services? Many professionals who sell insurance have not done themselves any favors by repeatedly approaching charities with one insurance “strategy” or another. In response, the National Committee on Planned Giving convened a task force to issue guidelines for evaluating life insurance gifts and programs.

When it’s not insurance, advisers have wanted to conduct seminars for my donors — exposing my donors to them as they seek potential business opportunities. What if a donor had a negative experience with that adviser? It would reflect poorly on our organization, since the seminar would give the adviser the implied endorsement of the organization.

Then there are those advisers who approach gift planners with the goal of managing some or all of a charity’s endowment, whether or not the charity is looking to make a change. The approach is usually aggressive, “sales-y,” and ultimately unappealing.

In my years as a gift planner, I have experienced all of these situations. So it is easy to see how a financial adviser’s motives can be viewed with some skepticism.

An Unhealthy Attitude

How many donors have you come across who have had poor, unethical, or even borderline fraudulent experiences with an adviser? Many gift planners know donors who have been burned in the past by advisers.

In one instance, I visited an elderly donor in the San Diego area who proceeded to tell me how she was sold an

expensive commercial annuity (with an initial premium of \$50,000), despite the fact that she didn’t need the income. This adviser came back and sold her a second annuity some time later, and the donor told me that she really didn’t want to buy it, but she was pressured.

After coming across stories like this in your visits with donors, how can you not develop an unhealthy attitude toward advisers?

Confusing Roles

The adviser sector is big, cumbersome, and confusing to many — including gift planners. It is hopelessly multifaceted and it is a fact that not all advisers are made equally. Gift planners should be aware of several distinctions.

Compensation. How an adviser gets paid is perhaps the most distinguishing characteristic. There are three primary models.

- ◆ Commission-only: the adviser is paid solely through the sale of certain products, usually insurance.
- ◆ Commission plus fees (also called fee-based): the adviser charges a fee for managing investments based on a percentage of those assets under management (AUM) and can also receive compensation through the sale of certain products (usually insurance, certain mutual funds, and other investment products).
- ◆ Fee-only: the adviser is paid solely by the client for the advice given and does not sell products nor receive commissions or other revenue from any other source. The adviser’s fee can be in the form of a flat retainer, percentage of AUM, or hourly.

Services Provided. Some advisers only manage investments; others sell insurance and can produce a financial plan as part of the insurance process. Some advisers offer comprehensive financial planning without investment management; others offer both.

Certifications and Designations. There are 163 financial credentials available according to an October 2010 report in *The Wall Street Journal*. This alphabet soup can be quite confusing. One financial designation regarded highly due to the strict standards for obtaining it is Certified Financial Planner (CFP®). Others that are fairly common are Certi-

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**Many gift
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**They are
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the same end.**

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Plans Blew Up, Relationships Saved a Gift

BY KIRBY GOULD

In real estate, the adage is “Location. Location. Location.” In gift-planning, our mantra is “Relationships. Relationships. Relationships.” After 28 years of matching peoples’ passions with their pocket-

books, this remains one of the greatest understandings that I’ve gained and one that I like to pass along to others.

Yet, even when relationships are formed

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“**DARK SIDE**” *continued from Page 3*

fied Financial Analyst (CFA), Chartered Life Underwriter (CLU), and Chartered Financial Consultant (ChFC).

Profit Motive

The nomenclature of nonprofit and for-profit creates false assumptions about the motives of members in each community. The term nonprofit has nothing to do with profit: it relates to the tax status of an entity — that it is recognized as not-for-profit or charitable organization under the Internal Revenue Code. In reality, a nonprofit entity cannot exist for long if it doesn’t make a profit of sorts by having its revenues exceed expenses.

All of these factors taken together can lead a member of the for-profit adviser world to be deemed as working on the dark side. I say it’s time to put an end to that kind of thinking, which is unproductive, unhelpful, and not at all in the philanthropic spirit.

Changing this perception of light and dark sides will be challenging. Here are three ideas that might get things moving in the right direction.

First, planned giving officers should make an effort to work more closely with financial advisers and seek educational opportunities.

I applaud the Certified Specialist in Planned Giving program for its curriculum with a three-day module on financial planning. Participants are taught how to think like a financial planner when working with donors.

One of my motivations for obtaining my CFP® designation was the credibility it would give me with financial advisers. My belief is that this designation (more so than a Juris Doctor degree) makes a gift planner valuable, and I hope more choose to pursue it. (Your years of gift-planning work will count toward the work requirement.)

Gift planners may want to attend a local meeting of the Financial Planning Association and get to know the advisers in their community. Membership in the FPA can be worthwhile to position yourself as a resource to local advisers who don’t feel comfortable or don’t have the knowledge to discuss charitable giving options.

Find Redemption

Second, advisers should volunteer, serve on charity boards, and become knowledgeable about charitable organizations. Just as gift planners should know more about what advisers do, so should advisers learn more about the role of gift-planning officers.

Through serving on charity boards and becoming involved in fundraising efforts (with no expectation of business to be gained from it) advisers can become more intimately aware of the unique culture of charitable organizations. This is how to learn how they run and ways an adviser might best be of service.

Finally, both “sides” need to realize that they are working toward the same end. For gift planners, the end is to help the donor accomplish his or her philanthropic wishes. For a financial adviser, the end is to ensure the client can accomplish his or her goals, including retirement, college funding, transferring wealth — and what they want to do for the world at large.

If the gift planner and the adviser are working in the best interest of a person’s needs and desires, then they are both on the same side of that client/donor.

Just as Anakin Skywalker killed the emperor and found redemption at the end of the Star Wars “Return of the Jedi” movie — proving that he was not on the dark side after all — so should the notion of dark and light sides in philanthropy be thrown down an endless chasm, never to be used again.

and nurtured through many visits over a long period of time, some gift plans that seemed ready to be signed and that we thought were secure do not happen. At least not in the way we think they should.

For 15 years, I have been vice president of the north central zone of the Christian Church Foundation based in Kansas City. We serve Kansas, Missouri, Nebraska, Iowa, Minnesota, and the Dakotas. (I like to call it “the northern half of the former Big 12 Conference.”) The foundation is headquartered in Indianapolis, and we serve congregations and other ministries and institutions related to the Christian Church (Disciples of Christ), a Protestant denomination. Among the foundation’s ministries is a desire to “help disciples make a difference as they seek to be good stewards of their accumulated resources.”

As part of this, we teach ministers about this specific area of financial ministry and develop long-term relationships with them so that they will feel comfortable calling us to help their church members.

Seven-year Relationship

Several months after one such clergy gathering in Iowa, I received a call from a minister who told me about Suzi. (Details of this story have been altered to protect the donor’s identity.) Suzi had confided that her mother owned a great deal of farmland and was considering selling it. She was concerned that her mom might have to pay a lot of taxes, and remembered her minister mentioning something in his board report about the workshop he attended and how certain gifts to the church were tax-advantaged.

Her mother, Sarah, was also a member of her local church and a very generous supporter of its many programs. This seemed to be a perfect scenario for a life-income gift — highly appreciated property and clear donor intent.

I told the pastor that I would be happy to visit with both Suzi and Sarah, asking him to first contact Suzi to let her know I would be calling. He replied, “She already knows about you and what you do. She attended a workshop you presented for our regional church a few years ago.”

When I called Suzi, she gave me more information about her mother, the farmland, her family, and other pertinent

details. She had already called her mom, who was awaiting my call.

Thus began my seven-year relationship with Sarah.

Seven Proposals

Beginning in 2004 and for the next six-plus years, I would describe my visits as the “intake interview.” Each visit built upon the others. I learned about her husband’s business, raising their two children, how they came to acquire the farm and other property, living through the Great Depression, continuing to live a simple and frugal lifestyle, and her many and varied activities and involvements in the church.

Sarah is a smart businesswoman. She is determined, forthright, opinionated, bull-headed, controlling, and domineering. Yet she is also fun-loving, jovial, energetic, and high-spirited. Beyond everything, she is generous with her family, her friends, her neighbors, the community, and her church.

As I began to learn of the situation with the farmland, it was very apparent to me that a charitable remainder unitrust was her answer. The assets had a low basis, plus she had a desire to get out of farm management, a need for more (and consistent) income, and a wish to avoid taxes on capital gains. She could even be the trustee and decide to whom to sell the land, and when.

I counted no less than seven proposals (with flowcharts, projections, and scenarios) that I used to show her the benefits of a CRUT. Each scenario she shared with her attorney. Each time he agreed it was in her best interest, and her accountant acknowledged it would help her tax situation.

Now What?

Finally, the phone call came in late 2010. She had a willing buyer, it was someone she liked, and the price was what she was asking. (As we observed, Midwestern farmland has been escalating rapidly in recent years.) I began to sweat, knowing the time it would take to get the documents in place and complete the long checklist for receiving real estate into the trust. I geared-up the Indianapolis staff to move expeditiously.

Then a second phone call came. The

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**The phone call
came in late
2010. I began
to sweat.**

“You are a spoiled brat.”

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and told Willis, “You will be cleaning the cabin bathrooms.” The following exchange showed that her initial reaction differed somewhat from Gandhi’s emphasis on the importance of cleaning bathrooms.

She: “What?”

He (Barry): “You will be cleaning bathrooms.”

She: “No, no, no, you don’t understand, I don’t clean bathrooms. Would you please give me another job?”

He: “No, you will be cleaning bathrooms.”

She: “No, I’m not going to do that.”

He: “You are a spoiled brat, you are an ingrate, and until you give up that attitude you will never have a meaningful life.”

That last line was the turning point in her life. As she says with brutal self-honesty, “I decided I didn’t want to be a lost, spoiled brat.” She stayed on Orcas Island four months and returned home to deal with her eating disorders. Wanting to help her peers with emotional issues common to inheritors, she entered a Master of Social Work program.

She finds it a tad ironic that while social work focuses on the most disadvantaged members of our society, she was helping rich young people with eating disorders, drug and alcohol problems, and thoughts

of suicide. Several of her wealthy acquaintances had died in “accidents.” After beginning as an eating-disorder therapist for 10 years, she gradually evolved into her current specialty as a wealth counselor and consultant — facilitating workshops, family retreats, and private consultations for inheritors.⁴

Now married for 24 years, she and her husband have two children. With a successful business and work she loves, Willis finally has the fulfilling life that so eluded her in her 20s.

“What I have learned is that we can inherit managed accounts, mansions, and Mercedes Benzes. But the one thing no one inherits ... is ... a ... meaningful life. For that we have to work,” she says. “All inheritors still face the fundamental challenge of creating meaning in their lives. No one can give that to them.”

A Meaningful Life

According to Willis, philanthropy plays an integral role in the creation of a meaningful life. Most people withdraw when they are in pain and are not inclined to be philanthropic. In teaching her clients about the “bright side of wealth,” she must first address their attitudes and behaviors. She calls it pre-philanthropy.

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buyer was out of the state through the holidays. The sale would take place in January and I became concerned about a prearranged sale. We also needed an environmental affidavit and appraisal. Didn’t Sarah remember all we had talked about, and which things needed to happen first?

Alas, in January, came a third phone call. Sarah had sold the land and the money was in hand. She was very happy with the transaction and glad to see a big chunk of money sitting in her bank account.

What just happened? Six years of travel to and from her town, gallons of coffee drunk, dozens of cookies consumed, hours and hours of conversation explaining the benefits of this gift, and she sells it outright by herself anyway? Now what?

A New Strategy

Enter the attorney and accountant. Each explained to her what was looming come April 15, 2012, and it didn’t look pretty. Thus began another series of relationship-building meetings. This time, we didn’t have the luxury of six years of coffee and crumpets. We had six months to develop a strategy and mitigate the capital gains.

Soon a meeting was called of the attorney and accountant, along with Sarah, Suzi, and a CPA that the attorney felt was needed to lend additional expertise. This also became my first experience of being the “trusted adviser” to a donor and having a seat at the table with allied professionals. Numbers were crunched, ideas formulated, and issues related to an irrevocable family trust were investigated. The answer was to make an outright gift

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As reflected in Willis' own story, some of the most crucial attitudes inheritors need to develop are humility, gratitude, confidence, competence, and generosity. These attitudes are reinforced by a change in behaviors that include:

- ◆ Taking charge
- ◆ Saving
- ◆ Spending appropriately
- ◆ Competently working with professional advisers
- ◆ Investing with confidence
- ◆ Leading a debt-free life

Yes, debt can be a major problem for people unaccustomed to financial obstacles.

The pinnacle behavior after these others have been mastered is purpose-driven philanthropy. The adjective here is all-important to distinguish true philanthropy from random checkbook giving and social giving through the arm-twisting by friends. The bottom line: inheritors cannot do purpose-driven philanthropy until they have figured out their own identity and purpose in life. Then look out!

One client Willis worked for came from one of the largest distillery companies in the United States. Not surprisingly, the family liabilities mirrored the family assets: Many of his relatives were alcoholics. After working through his own issues, he started a foundation for people who wanted to enter recovery but could not afford the high cost of recovery programs. His foundation covered the tab for serious applicants.

Another former client, a single woman approaching age 40, had started a foundation but did not know how to focus her philanthropic energies. Willis remembers, "We worked together on various alternatives and she ended up choosing to help foster-care children. Specifically, she paid for foster-care youth in her home state to attend college."

The client wanted to be directly involved with the young people so she and Willis decided to inaugurate an annual luncheon for the college-bound students. At the luncheon, each student received a backpack full of school supplies. "We both became participants and loved these luncheons with the kids," Willis said.

She takes no credit for her favorite philanthropist, a 30-year-old newly married client who had a lot of issues to resolve

with her husband. During her late 20s, this young woman created a foundation to fund micro-businesses in developing nations. She already had eight people working for her foundation when Willis met this philanthropic fireball.

Tips for Planned Giving Officers

Years ago, Willis gave talks on philanthropy around the country. (Note to readers: this is not part of her current repertoire.) When asked what advice she had for the readers of *Planned Giving Today*, she was prepared.

1. **Be an advocate.** She recalls a talk she gave to a group of potential donors for a medical research institute in California. Before she spoke, executives of the institute gave her a tour of the lab where the research was conducted. She was captivated: "It seems like I talked to the researchers forever; I was so fascinated by their work. If I was a development officer for this institute, I would have given tours and let the researchers sell the program."
2. **Get donors thinking positively.** Give donors and potential donors direct access to the experts and people who do the work, whether they are physicians, professors, or social workers. The point is to get donors curious about the organization, to get them asking questions and wanting more information (books, research, tours, etc.). Put them on the offensive ("Tell me more about _____"), not on the defensive ("I wonder how much they are going to ask me for?").
3. **Tell stories.** Don't talk about money. This makes inheritors, in particular, defensive. Talk about your passion for your organization, or tell them stories that you have heard the experts at the agency tell other people. The more stories, the better.⁵ Willis uses Doug Stevenson's "story theater method"⁶ to tell her own story and to help in her workshops with inheritors.
4. **Be patient.** Remember, many (though not all) inheritors are anxious around planned giving officers and development officers. They

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**Talk about
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inheritors
defensive.**

The Right Steps in Prospect Management

BY JACKIE W. FRANEY

What exactly makes a good prospect management system, or even a great one? Is it the strict adherence to a process, like using specific tabs in the database? Is it a development team that embraces the system and breathes life into an electronic tool? Or is it a staff that is actively engaged in its use and understands its benefits? Yes, yes, and yes.

Recently I read "Great by Choice" (HarperCollins, 2011) and was fascinated by the pivotal question this book addressed through its research: "Why do some companies thrive in uncertainty, even chaos, and others do not?" The same can hold true for prospect management systems.

"Great" authors Jim Collins and Morten T. Hansen ask, "When buffeted by tumul-

tuous events, when hit by big, fast-moving forces that we can neither predict nor control, what distinguishes those who perform exceptionally well from those who underperform or worse?"

According to the authors, each great company possessed a distinguishing characteristic that they describe as a 20-mile march, which is more than a philosophy. "It's about having concrete, clear, intelligent, and rigorously pursued performance mechanisms that keep you on track," according to Collins and Hansen. "The 20 Mile March creates two types of self-imposed discomfort: (1) the discomfort of unwavering commitment to high performance in difficult conditions, and (2) the discomfort of holding back in good conditions."

See *THE RIGHT STEPS*: Page 9

Don't give up.

Endnotes

- 1 Charlie Collier, "Wealth and the Family: The Art of Questions," *Journal of Gift Planning*, Vol. 7 No. 1, March 2003.
- 2 Lisa Miller, "The Money-Empathy Gap," *New York* (July 1, 2012).
- 3 Thayer Cheatham Willis, "Navigating the Dark Side of Wealth: A Life Guide for Inheritors" (Portland, Ore., New Concord Press, 2003).
- 4 See www.thayerwillis.com
- 5 Cf. Jim Grote, "Narrative Philanthropy," *Planned Giving Today*, Part I (February 2004) and Part II (March 2004).
- 6 See <http://storytelling-in-business.com>
- 7 See "Winter 2004" under "Newsletter Archives" at www.thayerwillis.com/newsletters.htm
- 8 Roy Williams and Vic Preisser, "Philanthropy, Heirs and Values" (Bandon, Ore., Robert Reed Publishers, 2005).

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know they have been identified as someone who has plenty of money. But, if they did not make this money, they do not necessarily have the confidence that they can create wealth (unlike entrepreneurs). Says Willis, "Don't give up, but prepare yourself for a long-term relationship. And above all, don't talk about money!"

5. **Focus on family.** As your relationship grows, you might offer to help a donor or potential donor develop tools for family philanthropy. In the family philanthropy model described on Willis' website, parents can effectively teach recognition of family strengths, kindness, responsibility, business principles (through researching organizations that receive the family's precious charitable funds), investing principles (through managing the funds which will produce the income to be designated for gifts), and last but not least, teamwork.⁷

This brings us back to Charles Collier's family-centered approach to planned giving. For families of wealth, philanthropy is an integral part of a healthy family system. Studies show that 70 percent of all intergenerational transfers of wealth

fail.⁸ Of the 30 percent of family business enterprises that survive, philanthropy is one of the three critical elements the survivors have in common, the other two being communication and leadership development.

Willis' new book covers all three of these critical elements with a focus on communication. "Far Beyond Gold: Successful Relationships for Inheritors" will be published this fall. One excerpt from this book nicely summarizes her work and her notion of pre-philanthropy.

"When striving to implement safe communication in families, we can learn and practice specific tools. Communication tools in wealthy families include listening, assertiveness, empathy, honesty, openness, cultivating and acknowledging gratitude, forgiveness, body language, mentoring, philanthropy, and governance. These tools work best when all family members identify and clarify their values, write personal mission statements, and work together to write a family mission statement."

The family mission statement can refer to a family's purpose-driven philanthropy in general terms as a part of their calling.

For any gift planner committed to Collier's family-centered approach, the work and life experiences of Thayer Willis provide an important tool when working with prospects and donors who are inheritors.

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In thinking about a prospect management system, many of the concepts discussed by Collins and Hansen apply. Please let me explain.

Steps to Success

In order for prospect management to be successful, several factors need to be in place. First, everyone (from the top on down) within the organization must be committed to the integrity of the data. This means that everyone has a clear understanding of what is expected. It's not just a fundraiser's responsibility to input actions or contacts. Every individual within the organization that interacts with a constituent should record these "touches."

A second critical factor is for the data to be clean. Multiple records must be merged, relationship connections between constituents are identified, and all involved with the process understand the rules for information that is put into the system. There should be a common language for data entry — one that provides excellent history in a concise manner. For example, "had phone conversation" holds little useful information. Conversely, "Spoke with Mrs. Smith regarding her interest in establishing a charitable gift annuity funded with \$25,000 worth of ABC stock. Scheduled to meet with her next Tuesday afternoon," provides a concrete point of reference that includes a follow-up activity.

Maintaining the integrity of a prospect management system is an ongoing commitment. Paying attention to the data only when there is an immediate request is a recipe for failure and wasted effort. A well-maintained prospect management system lets an organization leverage critical data immediately — and when it's needed most. Clean, up-to-date data also provides the ability to systematically pull reports that will track the internal performance of the organization, and help to manage and forecast the growth of major and planned giving programs. As many highly functioning organizations have discovered, the commitment to data integrity pays repeated dividends. Looking at this another way, incomplete or outdated information means decisions — both small and large — will be based on incorrect assumptions.

The third critical success factor for

a prospect management system is the ability to measure staff performance and the return on investment for fundraising. These measurements need to be relevant for the organization, manageable, adaptable, and not too labor intensive or cumbersome to implement. The functionality of the system should measure the growth, lead generation, and current activities of development staff to qualify, cultivate, and close gifts.

These critical success factors listed allow for a highly effective process. They give structure, and adherence to business rules enables the development staff to build deep and lasting relationships with prospects and donors to achieve the fundraising goals.

A great prospect management system is like a great company: You know it when you see it. But what does it mean to be great, and how can greatness be achieved? Let's look at the 20-mile march again.

The authors note that this approach uses performance markers that are tailored to the enterprise enabling "a tangible point of focus that keeps you and your team moving forward despite confusion, uncertainty, and even chaos."

The Data-driven March

Think about marching 20 miles, making steady progress one step at a time and in a deliberate fashion. In addition, the authors point out that a 20-mile march does not have to be financial. You can have a creative march or a service improvement march, as long as you are consistent and identify your specific characteristics.

An outstanding prospect management system has all the characteristics of a 20-mile march. Since raising major and planned gifts takes time, the fundraising staff's performance standards should include measurements for revenue and non-revenue activities. As the authors of "Great" pointed out, the performance markers need to be tailored to the specific company, so the nonrevenue activities should be relevant to the growth of your organization's development program. Regardless of the numbers used, the critical component is that the nonrevenue measurements are reasonable performance standards based upon your specific organization.

Implementation must also be appropriate to the specific organization. An organization with a young development program

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**Maintaining
integrity is
an ongoing
commitment.**

Uncle Sam's coffers were lighter that April.

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RELATIONSHIPS *continued from Page 6*

to her church, and also fund a CRUT with an amount of money from the sale of the property to reduce the capital gains.

Sarah signed the trust document and wrote a check in December 2011. She received her first payment of trust income in March 2012. Uncle Sam's coffers were lighter that April than they would have been if her charitable plan had not been implemented. Her daughter is pleased, since she is the second income beneficiary of the trust upon Sarah's death and had participated in the process. An endowment fund will be established in their family's name after Suzi's death. Its payout will forever provide scholarships for seminary students and help send young children to church camp. Whew!

In the Future

Well, you'd think the story ends there, but remember our mantra?

While Sarah and I completed the paperwork in December, we talked about future visits and my coming to speak at her church. Suzi is set to inherit the rest of her mother's estate, which is still sizable. I've become a friend and confidante to help guide her through any kind of charitable giving she may want to do. I now know another qualified attorney and CPA who understand charitable estate planning and on whom I can call.

From that first clergy seminar to a larger-than-life gift that will fund ministry forever — this story is proof of how important relationship-building is in our profession. May it be so for all who read this.

THE RIGHT STEPS *continued from Page 9*

may need to concentrate more heavily on qualifying and cultivating prospects and donors, while a more mature program can focus on solicitation and stewardship activities. Each march incorporates a systematic process that builds upon the current activities and keeps the organization moving forward.

Also, the march is imposed by the company upon itself. Each organization has the ability to sift and sort through the database to determine a starting point for building a great prospect management system. Through the process, critical prospects, donors, and professional advisers are identified and assigned to major and planned giving staff. All assigned individuals are then tracked from qualification to stewardship throughout their lifetime and support of the organization.

The development staff is responsible for managing and prioritizing the prospects and donors based on the individual's giving history, capacity, and inclination to establish a major or planned gift. The assignments can be modified based upon the sophistication of the development department, tenure of the fundraising staff, and level and depth of cultivation of individuals in the database. Eventually, an organization should be able to answer two critical questions:

- ◆ What do our best donors and prospects look like?

- ◆ What source is generating the most successful leads?

Passionately Marching Forward

A great prospect management system enables an organization to keep marching forward with confidence and growing the success of the fundraising program. However, the system cannot be effective without a dedicated development staff that passionately believes in the mission of the organization.

Even with a 20-mile march in place, it is still about the relationships we build with our prospects, donors, and professional advisers. It is about how we connect with them, thus enabling them to give joyfully. So, what are three major strengths of a good development staff person?

Building close relationships, placing a high value on trust, and forming bonds with others are the marching orders for the nonrevenue activities and helping prospects and donors to give joyfully. So, with these marching orders, keep moving forward step by step.

YOUR BYLINE

We'd like to include at least one new writer in every issue of *Planned Giving Today*. It could be you!

If you have an article idea, send it to:
tom@pgtoday.com

Never Too Young

Some folks think they can wait on getting a will. They say they aren't old enough yet, or maybe expect that's a task best done only as they retire.

Here's the truth: There are at least five sound reasons for having a will at any age.

1. Consider the possibility that death occurs by an accident or illness. Even if the odds seem remote to you today, having a will makes sense because something unexpected can happen.
2. People with young children have a special reason. Their wills can name custodians for minors, and trustees that will provide for your dependents.
3. Additionally, once you have a will, it is easy to alter as your circumstances change.
4. Even if you have a small estate, you can (and should) decide for yourself how your assets will be distributed and to whom. This includes designating bequests for charitable organizations like [charity].
5. Fulfilling this important obligation feels good at any age. Knowing you have a valid will gives peace of mind, in addition to having a sense of accomplishment and personal satisfaction at handling this responsibility.

[Name] is our director of planned gifts, and she has prepared a free Will Information Kit for you. It can guide you through your decisions and prepare you to meet with an estate-planning attorney. She will also be happy to meet you in person, if you wish. [Name] works with people of all ages, young as well as older, and specializes in delivering peace of mind.

You can receive your kit without cost or obligation by using the response form below, visit our website at www.charity.com/willinformation, or call her toll-free at [number].

PLEASE COMPLETE
AND MAIL THIS FORM

Dear Friends at [the charity]:

- Please send a free, no-obligation Will Information Kit.
 - I have already made a planned gift to [charity].
 - Please contact me (us) via e-mail. The e-mail address is: _____
 - Please contact me (us) by phone at: _____
The best time to call is: _____
- Name: _____
- Mailing Address: _____
- City: _____ State: _____ Zip: _____

Mail this form to:
[the charity and address]

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NEXT MONTH

- ◆ **Thump In the Night**
- ◆ **Planned Giving Files**
- ◆ **When You Hear No**
- ◆ **And More ...**

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Back Page

◆ **STATUS.** A representative of an airline informed me that I had attained “status.” Surprised, I asked her to tell me what that term means, and what I had done to reach it.

Instead of offering a direct answer, she enthusiastically listed new ways I could enjoy my up-branded classification using synonyms. I will now have “priority” and would be allowed “privileges,” though I had not asked for them. I should “qualify” for an upgraded seat from time to time, and maybe even receive preferential delivery of a checked bag on those occasions when the airline doesn’t lose it. Perhaps I’ll enjoy them all once I know what they are.

I had apparently become an improved version of myself and an important customer to her, yet that didn’t mean much to me. I was the same person before she contacted me. I had no plans to buy more costly tickets and no thoughts of flying more often than absolutely necessary. If there had been no special handling of my business before, what could I expect now?

Still, it seems to me that this strangely used term applies to everyone (we all have status, whether first-class, economy, club member, or first-time flier). Yet, it had evolved to a specific usage that now applied to me. However, its meaning still remains unexplained.

Sociologists tell us that attaining status is a sign of mobility (either upward or downward) in society, from one class to another. It principally relates to the combination of our parents’ status (their economic or educational attainment), our personal aptitude and effort, and perhaps a bit of luck.

Encouragement by family members and friends also pushes us to more education and higher occupational aspirations. A climate of lifelong attainment can be borne in the linkage and interactions of these factors. We’re told that traditionally there is a weak correlation between a father’s occupation and his son’s. However, a high-status parent tends to provide more education to the child, which is a primary driver of upward mobility.

Almost everyone in the field of planned giving has noticed generosity that cascades from one generation to the next, as well as examples that go unheeded by the kids. The idea of a family legacy is pur-

sued by many charities, especially community foundations that encourage donors to designate children who will then advise grants from a family fund once the donor is deceased. By drawing these children into new decisions, it is hoped that a family tradition of generosity can be inspired and the fund supplemented.

On the other hand, I knew a church pastor who regularly complained about being frustrated by the number of surviving children that request memorial gifts honoring Mom to be made to the kids’ favorite charities. Even though Mom told the pastor that she wanted the gifts for the church, the kids saw it differently. It peeved him that, after being an important part of her life (and often a last illness) an ungrateful relative from out-of-town could breeze in to plan the funeral and steer memorials toward a cause that Mom never supported. It didn’t help that the pastor undermined her intent (and his own cause) by failing to encourage Mom to make her wishes known to the family.

What status do you assign to your donors and clients? How do you classify them? Does this ranking exercise alter your perceptions, or is it the other way around?

What you don’t want to do is elevate them in a way that confuses, like this airline did to me. People in your top tier will need to know what that means to them. Yes, they will be better informed on the progress and challenges of the charitable mission, alerted to financial and tax issues that relate to their circumstances, and probably approached for more and larger gifts. Whatever benefits or responsibilities come with being in the Heritage Society, Dean’s Council, Founders’ Circle, and Leaders Alliance, they must be defined to be meaningful.

My wife likes to point out that language is constantly evolving, something she observes as an English teacher. I readily accept this as a writer and editor, too. Still, hearing a familiar word used in a new way for the first time requires some adjustment.

I’ll have to figure out my new status in the Elite Medallion Golden Early-bird Presidential Platinum Emerald Dividend Reserve Prestige Club. All I know for now is that it is a one-sided loyalty scheme that offered no help when my flights were canceled.

— Tom Cullinan