
Shallow Review of High Net Worth Stewardship



More often than not, efficient and developed fundraising organizations rely heavily on their High Net Worth individuals (HNWI) to fund their either for-profit or non-profit charitable efforts. In order to attract such donors, and to establish them as repeat-donors, the leaders of the fundraising organizations must adopt certain attitudes towards the wealthy individuals. This requires specialists adept in the art of cultivating and managing professional relationships with HNWI for the fundraising organization to be able to obtain the maximum amount of funds possible. It is a very precise yet responsive form of fundraising for it's the HNWI whose commitments and abilities provide significant and long-term financial support. Furthermore, they may have access to other HNWIs who can help the organization achieve its aims.

Research and Experimenting

Unfortunately, due to the limited number of donors, as opposed to millions who would be donating diminished sums, experiments are hard to conduct. However, donors willing to generously give usually expect promising results and donate to already established non-profit organizations that they can trust. Fundraisers need to initially invest capital in advertisement campaigns to introduce themselves to the HNWI.

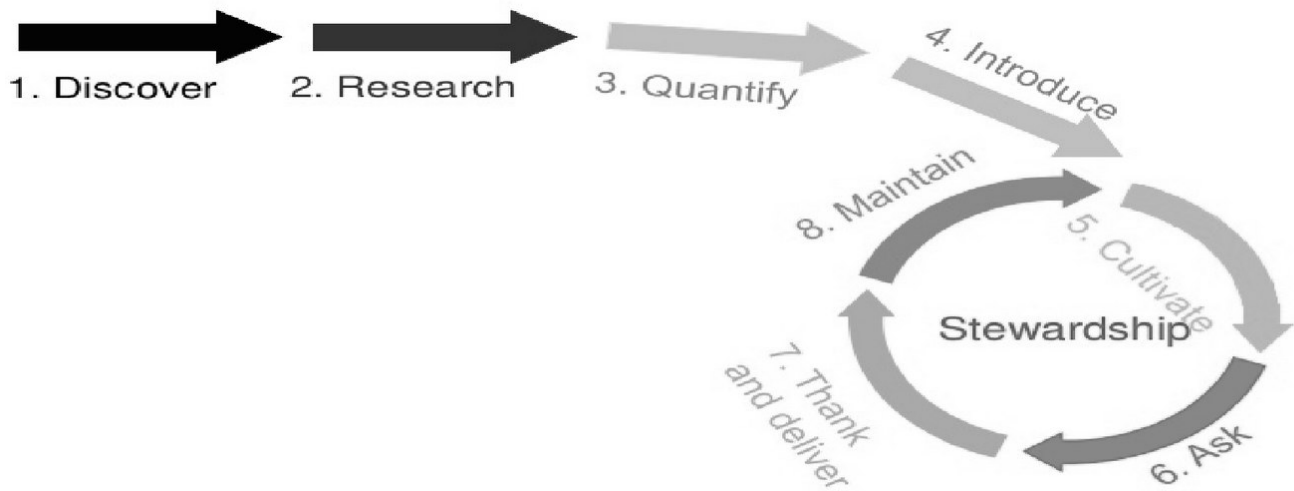
Donors in the USA are more generous than British ones. For donors to become philanthropic enough to donate large sums of money, the government needs to allow tax reliefs and other benefits to give them some encouragement. Favorable tax policies are often cited as a key reason why high-net worth Americans give more than their British counterparts, as opposed to there being more American HNWI than British ones. Fundraisers must take matters into their own hands by identifying donors willing to help and spending time and energy cultivating them.

According to the Barclays Wealth Management, there are 619,000 millionaires in the UK, with approximately 200,000 to be added by 2020. Many of these people are philanthropic and, for various reasons, such as being passionate about a cause, feeling as if it is their duty to give to society, or even for religious and spiritual reasons, donate considerably large sums of money. The opportunity exists, meaning that it is the duty of the fundraiser to seek the most philanthropic donors and find the way to their generosity. This process resembles a marketing scheme trying to attract customers. They must show the customers that their money would be put to good use and that they would get what they are paying for. Fundraisers trying to find HNWI must attend numerous meetings and events where the donors would most often be present.



They must:

- ❖ Identify their donors and focus on a number of them to be most efficient. They must first collect a few acquaintances and later, using the networks of the HNWI, make more 'friends'.
- ❖ Understand the personal motivations and prospects of the donors. They can learn those by researching the individuals. Their research should consist of studying the history of the HNWI and trying to understand methods of influencing them.
- ❖ Cultivate and nurture relationships with the donors to gain their trust. These HNWI are well-educated and recently have begun studying different fundraising organizations; therefore, they would need hard evidence and guarantees accompanied later by results to donate. They often are more cautious with their investments in fundraising organizations than with their business investments.



Once a relationship is matured and nurtured to a sufficient level and the trust of the donor is gained, the fundraiser must very carefully make 'The Ask'. It is crucial that the request is reasonable. If it is not, the donor could be repulsed by the fundraising and could possibly disparage his fellow millionaires to not invest there. An imprudent request is belligerent to the fundraising campaign; therefore, the seniors of the organization must have ambitious yet realistic objectives. If, and only if, the fundraiser has established a sufficiently advanced relationship with the donor, he could request the donor to cover the operating cost of the organization. Trust is the key ingredient here. The chairman should have a clear purpose in a high-powered and limited period of time. The reputation of not only the fundraiser, but also the donor is at stake here. With substantially frequent reports and updates (using pictures, videos, stories e.g. "Here's the story of Jack Smith and how your contribution changed his life", graphs, etc.), the donor can be influenced to donate more. Also, celebrations would have positive influence in the world of fundraising, as donors can also meet one another and indulge in talks about their works, resulting in some sort of 'competition' within them.

Three reasons why HNWI shy away from giving are:

- ❖ Gift won't be used wisely by a non-profit recipient (30%)
- ❖ Lack of knowledge about or connection to a charity (24%)
- ❖ Fear of increased donation requests from others (17%)

The fundraisers should seek ways to gain the trust of the HNWI by being honest with their requests, showing reports of their previous works (it naturally would be more difficult for the fundraisers to attract wealthy donors if they are not yet properly established), and proving to them that the money they invest would be put to good use. This would influence more future investments and also, if advertised well, could attract more donors. It can ultimately become a public expectation of all HNWI to help.

Estimated Success

The fundraiser must have a clear target in order to know the amount of time, capital, and energy he must be putting in. Initially, he must know the number of donors he needs, based on the amount of capital he is hoping to raise. For example, the following table can illustrate a possible study based on the number of donors and the funds that can be raised from each.

Gift Size	Number Donors	Value
£5m	1	£5m
£3m	2	£6m
£2m	4	£8m
£1m	6	£6m
£100k-£1m	20	£5m
Total	33	£33m

Reaching a credible fundraising position in an environment dictated by immense financial transactions filled with well-educated individuals, most of whom who have access to prosperous lawyers and advisers, is not an over-night process. In the short-run, it is nearly impossible to raise appreciable amounts of capital. Instead, the fundraiser must hire experts to identify the HNWI and invest the time needed to cultivate relationships with them. The key to becoming an established fundraising organization is attentive stewardship. This method of fundraising is only applicable in the long-run, provided proper stewardship is carried out.

Further Research

The trends in HNWI lives are changing with the each generation. Fundraisers must approach the entire family to, from the very start, build trust within the younger HNWI. Recently, spouses and children have been involved as well in the donations, so the fundraisers must be ready to aptly welcome them and be able to answer possible questions they might ask.

References

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