

MHA Major Gifts Program

Major Gifts Program Description

The MHA major gifts program provides a strategy for developing significant long-term relationships with organizations wishing to support specific MHA programs or, if a business, wishing to co-brand products or align their business culture with the MHA mission. Generally, these types of programs are restricted, although some program elements (e.g. indirect administrative fees, cause marketing, employee giving, licenses, etc.) may be unrestricted. Fully unrestricted, individual and organizational major gifts are addressed under the Clifford Beers Society rules and guidelines.

Whenever possible, MHA major gift solicitations will include an unrestricted indirect administrative expense (approved federal rate). Additionally, all contributions under the major gifts programs must comply with MHA Operating Policy O-18, MHA Behavioral Health Funding Policy.

The MHA major gifts program includes the following major gift types:

- **Program-specific donations or grants from business organizations;**
- **Private foundation grants for specific projects;**
- **Cause-marketing projects with businesses;**
- **Employee giving plans;**
- **Government grants for specific projects;**
- **Special Events;**

A successful major gifts program includes the following signature characteristics:

- **Strategic approach to prospective donors.** For new relationships, a six-figure major gift may require a year or longer to “close.” A major gift represents the culmination of a long-term, focused MHA strategy to form lasting relationships with individuals and organizations that perceive significant personal or business value in a relationship with MHA. This may often also include collaboration with one or more affiliates. The strategy seeks to move a prospective major donor through a series of phases from awareness of MHA’s mission, to active interest in supporting a specific program, to negotiation over the terms of that support, to a closed gift, to a long-term relationship.
- **Highly efficient “moves management.”** Every communication by any member of the MHA solicitation team—including MHA board members and all collaborating

affiliates—with a prospective or existing major donor is called a “move”. The planned series of communications comprising the cultivation strategy applicable to each donor is called “moves management.” Moves management is not manipulation. Rather it is a method for fully coordinating effective communications between all MHA team members and a group of major supporters who have a right to expect that their time will be used wisely and their money well spent. The paramount objective of the major gifts program is to ensure that major donors consistently perceive great value in their relationship with MHA and collaborating affiliates, as well as professional stewardship of their contribution. These perceptions can only be achieved if the MHA staff, board members, and the staffs of collaborating affiliates coordinate their “moves” as much as possible. Many people may be involved in cultivating and sustaining the relationship with the donor, but no more than two people, a primary and an alternate, at MHA and, when applicable, at each collaborating affiliate, should fully manage the relationship. These account managers should be identified in the relational database. Contacts with major donors or prospective donors should be coordinated with the account managers beforehand to the greatest extent possible.

- **An Implementing Memorandum of Understanding (MOU) or Contract.** It is essential that all MHA staff members, all collaborating affiliates, and the decision-makers and relationship managers at the donor’s organization understand precisely what the donor’s performance expectations are for MHA and the affiliates once a gift is closed. This can only be accomplished through the use of a signed MOU, or a contract, as part of the major gift closing process which specifically describes the terms of the relationship and the programs and services to be delivered by all parties.

Objectives

- **Provide a structured method to enable MHA and collaborating affiliates to secure one or more major gifts from prospective donors in a manner which cultivates positive long-term relationships with these donors;**
- **Design the MHA major gifts program such that MHA can administer the program with not less than 98% quality effectiveness for both members and affiliates;**

Key Definitions

- **Affiliate.** Any state or local mental health organization affiliated with MHA.
- **Donor or Contributor.** Any individual or organization making a monetary or in-kind contribution to MHA or an affiliate. To qualify as an in-kind contribution, the donation must directly reduce a current expense which would otherwise have been incurred had the donation not been made.
- **Major Donor.** Any individual or organization making an aggregate monetary or in-kind contribution of \$1,000 or more (individual), or \$5,000 or more (organization) in any one fiscal year to MHA or an affiliate. Fully unrestricted individual and organizational major

gifts are addressed under the Clifford Beers Society rules and guidelines. Program-specific organizational major gifts are addressed in this document.

- **Major Gift Collaboration.** Any collaboration whereby one or more affiliates choose to collaborate with MHA in soliciting a major donor and agree to abide by the terms of a Letter of Agreement signed by MHA and each collaborating affiliate.
- **Solicitation.** Any communication by MHA or an affiliate with a major donor or prospective major donor designed principally to solicit a donation.
- **Contact.** Any communication with a major donor or prospective major donor, including, but not limited to, newsletters, action alerts, urgent news updates, letters, invitations, etc. which is intended principally to inform or to invite the donor or prospective donor to take some form of action other than a donation. Contacts containing standardized language inviting the recipient to make a major gift or enter into a major donor relationship with MHA, when such language is incidental to the main message of the communication, will not be considered solicitations for the purposes of the major gifts program.
- **Affiliate Service Area.** That geographical area surrounding an affiliate, defined by a group of ZIP codes, from which a consumer might be reasonably expected to visit the affiliate in person. In cases of overlapping affiliate jurisdictions, the affiliates will determine which ZIP codes are serviced by which affiliates.
- **Organizational Location.** A single location of the national home office or headquarters of an organization.

“Rules of the Road.” The following “Rules of the Road” apply to first-time contacts and solicitations by MHA with prospective donors:

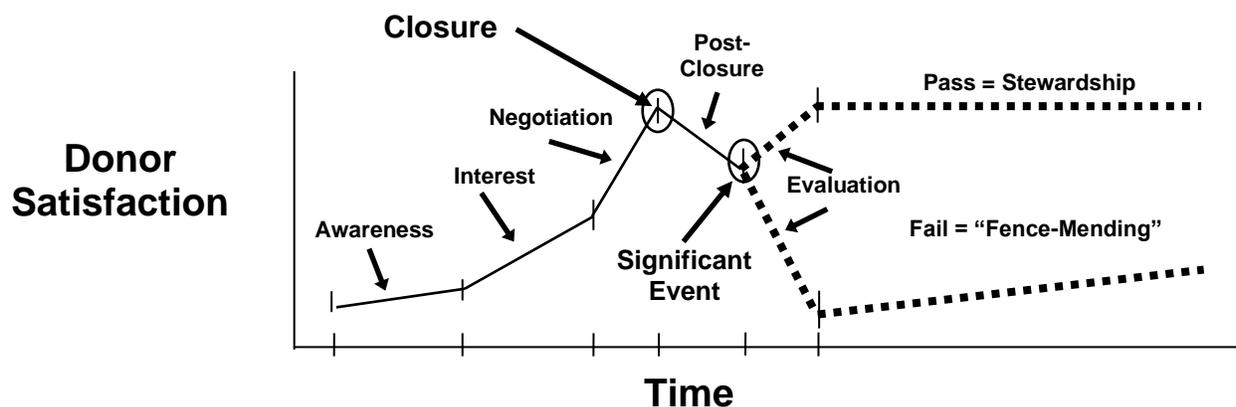
1. **Donor intent takes precedence over all other considerations.**
2. **MHA may contact or solicit prospective donors until donor intent is established. MHA will share all new donor contact information obtained either with the local affiliate or with the designated state lead affiliate.** Local affiliates need not share new donor contact information with MHA.
3. **To establish donor intent at the major gift level, MHA staff will advise the local affiliate prior to contacting or soliciting a prospective major donor.** If the prospective major donor initiates the contact, MHA will advise the local affiliate within one business day of the initial contact.
4. **In the absence of clearly stated donor intent, revenue raised through an established MHA fundraising program (i.e., National Membership Program, Major Gifts Program, Clifford Beers Society, the Leadership Council) will be shared in accordance with the specific revenue-sharing guidelines within each of these four programs.**

5. Every first-time donor contact or solicitation must include an “unsubscribe” notice in the communication to afford the donor or prospect the option of refusing future communications from MHA. “Unsubscribe” records will be marked accordingly, and MHA will make no further contacts or solicitations until donor intent changes.
6. Any MHA communication with a prospective donor will clearly identify MHA, not the local affiliate, as the author of the communication.
7. Any time a local affiliate can provide documentation that an existing financial relationship with a donor was directly damaged in a quantifiable, monetary way by a first-time MHA contact or solicitation, MHA will cooperate with the affiliate to mitigate that harmful affect.

The Donor Life Cycle©

The MHA major gift program strategy is based upon the Donor Life-Cycle© model.

The Donor Life-Cycle©



An explanation of each phase of the life cycle is provided below. The model assumes that a donor’s satisfaction with MHA and any collaborating affiliates can be mapped on the life-cycle at any point in time. This means that MHA/affiliate strategic actions related to that donor can be planned in advance, and donor expectations of MHA/affiliate performance can be anticipated and satisfied.

- **Phase 1: Awareness**

- This is a donor’s subliminal or limited awareness of MHA and, to a lesser extent, MHA’s mission. Passive advertising (name recognition ads, promotional logo items, Web links, etc.) sustains this phase and is generally a broadcast message to large audiences.
- This type of advertising can be done by MHA or a local affiliate.

- The phase ends with some event, often an MHA or affiliate planned cultivation activity, which piques a donor’s interest and causes that donor to actively seek more information about MHA. The Web site can play a critical role in the movement of a donor from the “awareness” phase to the “interest” phase. “Prospecting” is the process of locating prospective donors who are either ready to be interested or who can be made interested in MHA through the delivery of an effective 30-second “elevator pitch.” The goal of every prospecting effort should be to move a donor from the “awareness” phase to the “interest” phase.
- **Phase 2: Interest**
 - As a result of some action—effective passive advertising, a unique need in the customer’s life, or a direct and compelling personal interaction (referral, chance meeting, Web interaction, etc.)—the donor becomes actively interested in MHA or an affiliate and seeks out more information.
 - Interest is maintained and broadened through a series of collaborative MHA/affiliate interactions designed to educate the donor about the MHA mission, to learn more about the donor’s interests, and to begin to develop the framework of a long-term relationship.
 - This phase has no distinct end. Most often, both sides move into the “negotiation” phase as a result of continued interaction.
- **Phase 3: Negotiation**
 - During this phase, the MHA team and the donor are beginning to define the parameters by which they will forge a long-term relationship. If the donor indicates a desire to restrict their contribution, this phase marks the first opportunity MHA or the affiliate have to precisely define the terms of a potential agreement. It is therefore essential that all members of the MHA team coordinate their interactions with the donor to ensure the entire team understands what is being promised and what is expected from the donor.
 - This phase ends when an MOU or contract is drafted delineating the precise terms of the agreement.
- **Closure.** “Closure” occurs when the donor agrees to a major contribution and signs the MOU. Whether the contribution is restricted or unrestricted, “closure” marks the beginning of the most critical phase in the relationship, “post-closure.”
- **Phase 4: Post-Closure:**
 - Also known as the “buyer’s remorse” phase. It is prudent to assume that every donor will experience some measure of wariness immediately following “closure” of a

major gift, particularly if this is a new relationship. The donor is waiting to see if MHA and the affiliate are good stewards of their money. For this reason, the “post-closure” phase is the most critical phase and requires strict communication coordination throughout MHA and any collaborating affiliates. **MHA and the affiliates cannot make any mistakes during this phase.**

- The critical point of the “post-closure” phase is some significant event which proves whether or not the donor spent his or her money wisely. Administrative (backroom) services and donor follow-up are the most critical variables for successful navigation of this phase. The phase is largely mapped during the negotiation phase when the customer’s expectations of MHA and affiliate performance following “closure” are precisely stated in the MOU. Immediately following the significant event, the donor will evaluate MHA’s performance based on what was promised in the MOU.
- **Phase 5A: Stewardship**
 - If the donor believes MHA and the affiliate performed in accordance with the MOU/contract throughout the significant event, the relationship moves into a long-term “stewardship” phase. Donor satisfaction remains quite high and a robust, long-term relationship becomes likely. During the “stewardship” phase, MHA should offer the donor numerous opportunities to re-enter the awareness phase on other MHA programs, thereby increasing the donor’s involvement with and understanding of the MHA mission.
 - With each pass through the cycle, the post-closure phase becomes flatter and shorter as customer satisfaction grows.
- **Phase 5B: “Fence-Mending”**
 - MHA and/or the affiliate enters this phase when the donor perceives that either MHA or the affiliate has failed to abide by the terms set forth in the MOU/contract during the significant event. MHA will be forced to spend considerable resources and time repairing the damage caused by failing a significant event evaluation by the donor. This phase is frequently irrecoverable and often leads to an “anti-advocate” moving through the MHA market permanently. It must be avoided at all costs.

Types of Major Gifts and the Associated MHA Strategy

Individual Major Gifts

Restricted major gifts from individuals to MHA are rare and will be dealt with on a case-by-case basis. Unrestricted individual gifts, including bequests, fall under the rules and guidelines of the Clifford Beers Society.

Corporate Major Gifts

For the purposes of the MHA strategic development plan, the term “corporate major gifts” refers to major contributions from any business, not just corporations, of at least \$5,000 in any single fiscal year. Philanthropic contributions from corporate foundations are considered corporate major gifts. Corporate major gifts will be a major element of the MHA national development strategy. These types of contributions offer a multiplied value to MHA far beyond simple philanthropic giving. A single corporate relationship, properly stewarded, can easily lead to multi-year philanthropic contributions from the corporate foundation, large-scale cause-marketing programs which align the company’s brand with the MHA brand, employee giving programs which raise money annually from employees, and major advertising campaigns representing extremely large, in-kind donations to MHA.

- **Collaboration Guidelines.** Prior to contacting the donor (or, if the donor initiates contact, within one business day) MHA will contact the local affiliate in whose service area the donor organization’s national headquarters is located to ensure existing affiliate relationships with the donor are preserved. For the purposes of the major gifts program, MHA will consider each local affiliate, regardless of the MHA affiliation model it operates under, an autonomous decision-making entity. (To clarify, under a Model 4 arrangement, the Model 4 affiliate may not prohibit one of its chartered affiliates from collaborating with MHA on a major gifts solicitation). MHA will keep the Model 4 lead affiliate apprised of all collaborations within their state.
- **“Affiliate Commission.”** MHA will pay to the local affiliate, in whose service area a corporate donor’s national home office is located, an “affiliate commission” equal to 10 percent of any unrestricted, lump sum payments to MHA made pursuant to the MOU/contract with the donor and not used to offset directly related activity costs. This will be true for the life of the program.

Private Foundation Grants

Generally, large, private foundation grants (not corporate foundation grants) are used to fund new programs for 3-5 years until the programs become self-sustaining, however the private grant application process can be burdensome, and reporting requirements onerous. It is therefore essential that MHA carefully assess the likely commitment in staff time associated with each grant before applying for private grant funding.

- **Private Foundation Solicitation Guidelines.** MHA private foundation grant applications will be structured to include local affiliates, if applicable. In other cases, however, MHA may structure the grant application to include only funding for major MHA programs. As a courtesy, MHA will contact the local affiliate within whose service area a foundation headquarters is located prior to submitting its grant application. Local affiliates may not restrict MHA from applying to national, private foundations to fund MHA national programs.
- **Revenue Sharing.** Any proposed revenue-sharing with one or more local affiliates will be specified in the grant application.

Cause-Related Marketing

Cause-related marketing (CRM) refers to those marketing programs that enable businesses to directly link the sale of their services or products to one or more charitable organizations. In its simplest form, companies agree to make philanthropic contributions to one or more charities, and, in return, the charities allow the company to advertise the business's support of that charity to their customers. More complex, but potentially far more beneficial to the charity, are CRM programs whereby consumers are offered an opportunity to directly contribute to the charity at the point of purchase or whereby the company donates a portion of each customer sale to the selected charity and advertises their support. The most powerful and strategic CRM program is one in which the cultures of the business and the charity are almost completely interwoven. Employees volunteer in support of the charity on a regular basis, make personal contributions beyond those offered through the sales of goods or services, and literally change the conduct of their lives by virtue of the company's relationship with the charity. In return, the charity interacts frequently with the business through communications about its good work or through actual visits to workplace locations.

- **CRM Revenue.** CRM revenue is considered unrestricted unless the donor specifically restricts such revenue to support a particular MHA program and clearly identifies to its customers the program their contributions are intended to support.
- **Revenue-Sharing.** MHA will award a ten percent affiliate commission to the local affiliate in whose service area the host donor of a CRM resides. Donor intent and the scope of the CRM will determine if and how MHA will share the remaining, unrestricted proceeds of a CRM with one or more affiliates other than the local affiliate. Generally, CRM programs which generate total revenue nationally of not more than \$10,000 make it impractical to divide the proceeds among all affiliates. Nationwide CRM programs which generate greater than \$10,000, however, may easily support a 50 percent revenue-sharing arrangement with all affiliates. MHA will determine the proper revenue-sharing procedures and include them within the MOU/contract co-signed by MHA, any collaborating affiliates, and the donor.

Employee Giving Programs

Employee giving programs provide excellent opportunities to increase MHA brand recognition and, when implemented by national or global businesses, can generate significant revenue. Combined Federal Campaign (CFC) and United Way (UW) proceeds each year are considered a specialized employee giving program. Proceeds from the CFC/UW belong entirely to the entity identified on the CFC/UW form.

- **Employee-giving Revenue.** Employee-giving revenue is considered unrestricted unless the employer specifically restricts such revenue to support a particular MHA program and clearly identifies to its employees the program their contributions are intended to support.

- **Revenue-Sharing.** Donor intent will determine how employee-giving proceeds are shared. Nationwide employee-giving programs may easily support a 50 percent revenue-sharing arrangement with all affiliates. MHA will determine the proper revenue-sharing procedures and include them within the MOU/contract co-signed by MHA, any collaborating affiliates, and the donor.

Government Grants

Government grants provide a significant source of MHA funding and have the added benefit of enabling MHA to receive a portion of those funds as unrestricted funding through the federally-approved indirect cost rate. Like private foundation grants, however, the federal grant application process and the staff requirements associated with administering a federal grant must be considered when applying for federal funding.

- **Government Grant Solicitation Guidelines.** MHA will apply for federal grants as necessary to support nationwide programs. In cases where MHA sees an opportunity to apply for a state grant, MHA will contact the affiliates in that state and advise them of its desire to submit a state grant application. This will ensure local affiliates are not adversely affected by the MHA grant application.
- **Revenue Sharing.** Revenue sharing between MHA and local affiliates will be in accordance with the grant proposal.

Special Events

Special events are currently not a major source of funding for MHA. While the MHA annual conference is clearly a special event, it has, in the past, struggled to cover costs. Direct costs can generally be recouped through conference sponsorships and registrations, however indirect costs, which are considerable, generally are not fully recouped. For this reason, the MHA annual conference is not considered a revenue-generating tool.

The “Jammin’ Away the Blues” and “Share-the-Mic” programs have considerable potential to raise funds for both MHA and collaborating local affiliates. At present, MHA provides toolkits to assist local affiliates that decide to host concerts. With additional funding, MHA may be able to provide grants to local affiliates to host these events. While no major revenue is currently anticipated from these events, their potential as relatively low-cost, signature events for MHA, co-sponsored by several corporate major donors is significant. MHA will seek opportunities to expand and fully fund these programs. Revenue-sharing arrangements will be incorporated into all special events involving collaboration with one or more affiliates.