

THE GIFT PYRAMID

How To Set Goals To Raise Money

A time-tested tool for fundraising planning is the giving pyramid or gifts chart. This tool helps you understand what it will take to meet your fundraising goal. Use it to plan capital campaigns, special events, program books, major gifts or many other types of fundraising planning.

Here's how it works:

A. DETERMINE YOUR FUNDRAISING GOAL

1. Determine the amount of money that you'd like to net \$ _____
2. Add in the amount you'll need to spend to raise this money \$ _____
3. TOTAL these amounts. That's your fundraising goal: \$ _____

Example:

You'd like to net \$15,000 from your annual fundraising event. You have \$5,000 to spend. Add these together (\$15,000 + \$5,000). Your fundraising goal is \$20,000.

B. BUILD A GIFT PYRAMID TO FIGURE OUT HOW TO RAISE THE MONEY YOU NEED

Now, you might decide that you would like to raise this amount by selling tickets of \$50 per person. In the example above, you would have to sell 400 tickets to reach your goal. Wow! For many organizations, that's a big event.

Successful organizations meet their objectives by balancing smaller gifts with larger ones. You could meet this goal if you raised enough large gifts to reduce the number of small gifts you need to sell.

A Gifts Pyramid helps our find the right balance between large and small gifts. The Gifts Pyramid is a planning chart derived from a mathematical principle known as Zipf's Law. In this chart, the largest gift is roughly 10% of the total goal, the top ten gifts are about 50% of the total, each gift is half as large as the next highest gift (and on and on), and the numbers of gifts double as you go down the chart.

Here's what a gift pyramid might look like for the example above:

Gift Amount	Number of gifts	Total	Cumulative Total	Percent of Goal
\$2,000	1	\$2,000	\$2,000	10%
\$1,000	2	\$2,000	\$4,000	20%
\$500	8	\$4,000	\$8,000	40%
\$250	16	\$4,000	\$12,000	60%
\$100	30	\$3,000	\$15,000	47%
\$50	100	\$5,000	\$20,000	100%
Total gifts	86	\$20,000		

Can you find at least three possible donors for each gift in the chart (assuming you are selling face-to-face)? If not, you'll need to revise your chart for the gift amounts and numbers of donors that you can name.

