

# STAY



# TOGETHER

*HOW TO ENCOURAGE A  
LIFETIME OF DONOR LOYALTY*

JAY LOVE

“Fundraising — and that whole donor retention thing — can get overwhelming and frustrating. We’re all stressed about critical issues like fundraising tactics, donor databases, and organizational culture. *Stay Together* integrates answers to all those concerns into a one-stop resource. *Stay Together* is easy to read, understand, explain, and apply. Read this book. Use it to help your organization do better work in better ways.” — *Simone P. Joyaux, ACFRE, Adv Dip, Joyaux Associates*

“One of the best and most dedicated in our field, Jay Love has always been at the forefront of what’s happening with donor retention and engagement. Jay takes best practices, experience, and research together for pure fundraising inspiration.” — *Amy Eisenstein, ACFRE, Fundraising Author, Speaker, Coach*

“Jay is one of the few fundraising pioneers who, decade after decade, keeps on breaking new ground. From this veteran who brought us eTapestry two decades ago, and the marvelous CRM named Bloomerang.co today, comes this marvelous collection titled *Stay Together*. No one has put into practice and into usable inexpensive tools an understanding of donor retention and engagement more than Jay Love. Now he is making those insights available to everyone in *Stay Together*. Read it. Put it to work. Today. — *Roger M. Craver, Author of Retention Fundraising: The New Art and Science of Keeping Your Donors for Life*

“Jay Love is the rare visionary who not only dreams up the future, but also puts his ideas into action and sees them flourish. If you are raising money today, and want to raise even more tomorrow, build your plan around the advice Jay shares in this book! — *Kivi Leroux Miller, Founder, Nonprofit Marketing Guide.com*

“How do I love Jay Love? Let me count the ways. Jay is selfless (I’ve seen it). He’s driven (Seen that, too). Caring. Analytical. Curious. Visionary. Ethical. Inventive. Trusting. He’s been in the data management industry since the file card days. He wants the best for his clients. I’d rank him among the very top drivers of excellence and growth in 21st-century fundraising.” — *Tom Ahern, President, Ahern Communications, Ink., consultant and author of Making Money with Donor Newsletters*

“Cutting-edge insight from one of the greatest minds in fundraising today. Jay Love has been leading the field of donor engagement and retention for more than 20 years, introducing innovations in fundraising and database technology that have quite literally revolutionized our approach to the stewardship of donor relationships. This book is an opportunity to learn from the very best of his thinking and to punch your own professional practice up to the next level. A must-have for the bookshelf of anyone truly serious about the great profession of fundraising.” — *Adrian Sargeant, Ph.D., Professor of Fundraising and Director, Hartsook Centre for Sustainable Philanthropy, Plymouth Business School, United Kingdom*



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# ACKNOWLEDGEMENTS

It has been stated that nearly everything in this great world of ours has been said before. This is certainly the case regarding the wisdom within this book because I have been truly fortunate to learn from the very best researchers and teachers in the nonprofit sector.

The wisdom and philosophies of the following people influenced nearly every key point made in this book. Without their teaching, writing, and mentoring this would not have been possible.

## **Please join me in thanking the following mentors:**

Tom Ahern, Claire Axelrad,  
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## **And, most of all, I would like to thank ...**

... the individuals who taught me what the word philanthropy really means through their passion and commitment — my wife, Christie, and my children, Brad, Katie, and Patrick.

*“Fundraising is the gentle art of teaching the joy of giving.”*  
— Henry Rosso

## A FEW THOUGHTS BEFORE YOU GET STARTED.

There's a lot packed into this 170-page book. We designed it to be compact enough to serve as a daily guide on your donor retention journey. More than likely, you'll discover fundraising and retention techniques you had never considered, including tips on how to accomplish more with your fundraising efforts in less time and with less effort. This book contains advice on engagement, donor retention, and other tactics to help you reach your fundraising goals.

We'll cover a lot of territory to make sure you have all the tools and insights you need to boost donor retention. But the title is intentionally simple. Two words: *Stay Together*. At the end of the day, that's what it's all about. Every nonprofit wants donors to stay. To stick around. Collecting donations is not your only goal. It is a means to something much bigger. You want to make something significant happen for the underlying mission of your organization. Together, with your loyal donors, you know you can change your corner of the world.

This book also is designed to help you focus on the importance of your team's role. You're part of something incredible. You're dedicated to an important cause. Without your organization's dedication and efforts, donors would have a hard time making an impact on their own. You're special too.



***Stay Together.*** Let those words sink in. It's an emotional appeal. No matter what strategies you put into place after reading this book, make sure you keep that at the heart of whatever you do.

So, let's go on this journey together. Along the way, I'll ask you to pause and think. To really get at the heart of what you're doing. Resist the temptation to breeze through the book. Don't miss out on the incredible things you can do as an organization when you have loyal donors along with you every step of the way.

Last of all, envision the impact we can make if we all keep our sights on developing more loyal donors. Donors that will stay for the long haul. Donors that can help you make the world a better place.

# PART ONE

## IT'S A

# RELATIONSHIP

*“Donor loyalty is not about the donor being loyal to you. It’s about you being loyal to the donor.” — Harvey McKinnon*



# 1. DEFINING DONOR RETENTION

Chances are you're reading this book to improve your fundraising outcomes. That's great. Every person, whether an employee or manager or even a volunteer, always should be looking for ways to perform their jobs better. But you also need the motivation to change — a really good reason to put in the time and effort to do things differently.

This section will do that for you. It will help you understand why you need to make a critical shift in your focus — from **Donor Acquisition** to **Donor Retention**.

I'm not asking you to forget about donor acquisition but to move it from one of primary focus to secondary focus. It still must be done and, if at all possible, done well.

Donor retention has become one of the hottest topics in the nonprofit sector. And for good reason. By increasing your donor retention rate, you can help your organization better accomplish its goals with less effort, with fewer expenses, and in less time.

That's why much of the fundraising world has begun the process of shifting its focus from Donor Acquisition to Donor Retention. With an increasingly elusive and/or shrinking traditional donor pool, you'll find that new donors are more difficult and expensive to attract than ever.

More than likely, you currently have a low donor retention rate. Most nonprofits do. In fact, most nonprofits do not even know what their current donor retention rate is!

Studies show that 77% of new donors only give once. Your initial investment to gain that new donor? Poof. It's gone. You just lost it if they are not retained, especially, if they are not retained at least into a second year of giving.

You can only realize the true benefit of acquiring a donor when you're able to retain them over an extended period. Acquisition in the nonprofit industry always will be important. But to succeed — or even survive — nonprofits must focus on strategic ways to ensure both new and existing donors stay, supporting the organization year after year.

*The concept of donor retention is simple.  
Nonprofits with a high donor retention rate have  
supporters who come back year after year.  
Nonprofits with a low donor retention rate  
spend more time trying to acquire new donors  
or chasing elusive larger gifts to make up for  
the ongoing loss of both.*

## 2. LET'S DO THE MATH

Before you can get to the heart of Donor Retention, you need to explore the math behind it. Take the time to do some calculations to figure out your Donor Retention rates. You may be amazed if you've never measured them. Try the following formula:

### **Calculate Your Donor Retention Rate**

1. Determine how many donors gave to your organization in a 12-month period (Year 1)
2. Now, figure out how many of those same donors made a donation the following year (Year 2)
3. Divide Year 2 by Year 1 to get your Donor Retention Rate

**Example:** If 1,000 people gave to your organization in 2015, and only 400 of those 1,000 made a donation in 2016, your donor retention rate is 40% and your donor attrition rate is 60%

## **FOR-PROFIT MINDSET**

Corporations always have been a step ahead of the nonprofit industry when it comes to customer retention. Imagine the losses faced by a cable provider, a grocery store, or an insurance company if a customer only showed up once — never to return again? Any marketing investments made to gain new customers would result in staggering losses. In the corporate world, heads would roll. Instead marketing and improved customer service are used to retain customers at an acceptable level of 90% or higher!



Look at what happens to your donor database with these different levels of retention rates after one to five years. The results can be startling:

Starting # of Donors in Database	Attrition Rate (Percent Lost)	Donors Remaining After 1 Year	Donors Remaining After 3 Years	Donors Remaining After 5 Years
1,000	20%	800	512	328
1,000	40%	600	216	78
1,000	60%	400	64	10

As they say (whoever ‘they’ may be), the numbers don’t lie. If you significantly improve your donor retention rates, you’ll spend less time reinventing the wheel. And you’ll spend less effort and funds trying to make up for donors who decide not to stay.

Take another look at that chart. If you manage to minimize your donor attrition rate to 20%, 512 of 1,000 donors will remain after three years and 328 after five years. Well worth the effort to establish a solid donor retention plan!





If 60% of 1,000 donors don't stay, only 64 of those donors will be around after 3 years. And only 10 donors after 5 years.

## SLIGHT CHANGES CAN LEAD TO SIGNIFICANT RESULTS.

Of course, you won't change your donor retention rates overnight. But here's some encouraging news: By improving your donor retention rates by as little as 10%, you can double the lifetime value of your donor database. That's what fundraising expert Dr. Adrian Sargeant found in his research.

Let's say you have a retention rate of 41% and you increased it to 51% over a 10-year-period. You have 5,000 donors who make an average gift of \$200 and increase their gift slightly each following year. With a 41% retention rate, your total donations would drop from \$451,000 to \$722 at the end of that 10-year period. Improve the retention rate to 51%, and you'll have \$5,504 in total donations by the 10th year.

While that's a mildly impressive difference, you need to examine the lifetime value: At the 41% rate, the lifetime value of those donations totaled **\$820,859** compared to **\$1,277,208** for a 51% rate. Now we're talking about a significant difference.

When you add in the stewardship activities, these retained donors should have the lifetime value difference soar even higher! If you're still not convinced of the lifetime value and its effect on your fundraising, pause for another invaluable lesson before moving on:

**Lifetime value** is defined as the total net contribution that a donor generates during his or her lifetime in your database. To calculate lifetime value (LTV), use the following equation:

$$LTV = \sum Ci$$

- $\Sigma$  (sigma) = the sum of
- C = net contribution from each year's fundraising activity
- i = expected duration of each relationship in years

Another way of putting it is C = the average gift amount and i = the expected duration of time being a donor. If your average gift from a donor acquired via direct mail or electronically is \$50 and their average donor lifespan is 1.9 years, then you have a lifetime value of \$95 with that donor.

Lifetime values can be even larger if your organization considers the value of lapsed donors who return. There is always a certain percentage of donors who return after lapsing for one to several years. Even if it is only at a rate of 10% to 15%, those returning donors raise the original lifetime value nicely.

Experience tells me that the lifetime value of donors acquired and nurtured through human connections can be much larger in size. For example, if your average gift from a donor acquired through a human connector is \$275 and their average donor lifespan is 6.5 years, you have a lifetime value of \$1,787.50 from that donor.

This sheds a whole new light on the time and budget your organization can and should allocate to both donor acquisition and, more importantly, donor retention efforts.

### 3. NEXT? GIFT RETENTION



Unlike donor retention, which measures the number of donors retained from year to year, gift retention measures the number of dollars retained from year to year. Determining your gift retention rate can be far more insightful because there is a huge difference in losing a \$50 donor from one year to the next, compared to losing a \$10,000 donor. In this case, retaining the \$10,000 donor is the same as keeping 200 \$50 donors.

**Special hint:** If you decide to share your donor retention performance with your board for the first time, always use the gift retention rate. It will always be a few percentage points higher!

## CALCULATE YOUR GIFT RETENTION RATE

Take these steps to figure out your gift retention rate:

1. Determine the total amount of donations given to your organization during the previous 12-month period (Year 1)
2. Determine the total amount of donations given to your organization in the most recent 12-month period (Year 2)
3. Divide current dollar amount given in the most recent period (Year 2) by amount given in the previous year (Year 1)

**HERE'S AN EXAMPLE:** If 1,000 donors gave a total of \$1 million in 2012, and 450 of those original 1,000 donors gave \$650,000 in 2013, your gift retention rate is 65%.



It's important to understand that all gift retention is not equal. It's obvious, but keeping a major donor who gives \$10,000 annually is extremely important. But we don't always reflect this mindset in our actions. Think about it. Does it make sense to exert 200 times more effort thanking and building a relationship with the \$10,000 donor than the \$50 donor? Maybe the equation is not 200 times the effort, but perhaps it should be 10 times the effort. Keep this in mind as you create your donor retention plans.

If your policies, procedures, and actions do not reflect this mindset toward major donors, you may be putting your organization at risk of losing major donors.

One way to further show the importance of this is to divide your database into five groups and calculate the retention rate for each group. The groups based upon donation size are:

1. Under \$25
2. \$25 – \$100
3. \$100 – \$1,000
4. \$1,000 – \$10,000
5. Above \$10,000

Just think about the difference there is in dollars raised by improving the above \$10,000 group's donor retention rate by 10% versus the first or second group.

## BY THE NUMBERS

- Every 100 donors gained is offset by 96 donors lost through attrition
- Every \$100 gained is offset by \$91 lost
- 46% - average donor retention rate
- 54% - average donor attrition rate
- 5.3% - overall rate of growth in giving
- 2% - overall rate of growth in donors

— *2016 Fundraising Effectiveness Project (FEP) report, compiled by the Association of Fundraising Professionals and the Center on Nonprofits and Philanthropy at the Urban Institute*

## 4. REAP DONOR RETENTION BONUSES

The benefits of donor retention go beyond simple mathematics. Consider the bonuses that result from having committed, loyal donors — those who stay year after year after year. The longer they stay, the greater the likelihood that they will be advocates for your organization and your mission. Let's assume that every year, one out of every three donors encourages another person to become a donor.

Think about that multiplying effect. It can lead to exponential growth. Common sense leads us to assume that donors recruited by existing donors tend to retain higher than the organization's average retention rate.



## **A ripple effect**

Results will vary among organizations, but here are some other bonuses that can follow an increase in your donor retention rates:

- You will spend fewer marketing dollars and effort on donor acquisition, allowing you to focus on nurturing and upgrading existing donors.
- You will be able to devote more time and effort on securing legacy gifts with a more sizeable revenue impact.
- You will have access to more committed volunteers.
- You will have more donors ready to engage in your capital and/or endowment campaigns.
- It is more invigorating for you and your team to work with long-term donors.

DID  
YOU GET  
**ALL**  
THAT?



**Just in case you didn't, keep this in mind:**

1. Getting donors to stay matters the most.
2. We are terrible at keeping them.
3. We can double our fundraising results by doing a better job of keeping our donors.
4. Envision how your nonprofit can make an impact by increasing donor retention.
5. At the end of the day, it's all about funding your mission. That's what makes it worth the effort to change your focus.

# PART TWO

## WHY DON'T THEY STAY?

*“Over 70 percent of new donors we recruit to our organizations never give again.” — Dr. Adrian Sargeant*







# 1. WHY SOME DONORS STOP GIVING

To make a dent in donor attrition rates, you must first understand why they're leaving in the first place. It's extremely important to figure this out for your organization. Donors, volunteers, and other supporters make up the cornerstone of your charity. In all likelihood, your organization would not exist without them.

## **Shouldn't you know why your donors are leaving?**

In most cases, it's easy to guess why a consumer would visit a restaurant, store or hotel without ever coming back. Perhaps, it was bad customer service, too expensive, poor quality goods, food that didn't hit the mark, or a dingy room. You've been there. And you've probably vowed to never patronize an establishment like that again.

However, with nonprofits, the answers may not come as easy. After all, you have a great cause. Why wouldn't your donors want to keep supporting it?

Bloomerang Chief Scientist Dr. Adrian Sargeant and The Rockefeller Corporation conducted a study to find out why donors stopped supporting charities.

## **Here are survey respondents' top reasons they no longer donated or volunteered:**

- 54% - Could no longer afford it
- 36% - Others were more deserving
- 18% - Poor service or communication
- 16% - Death
- 13% - Never received a thanks for donating
- 9% - No memory of supporting (another outcome of poor communication)
- 8% - No information on how monies were used
- 5% - Thought charity did not need them

Take a look at those results. It's clear that the respondents were allowed to give more than one reason. However, your eyes may immediately land on the 54% who responded they could no longer afford to donate. Now, move your eyes down. Four to five of the responses seem to have one thing in common: Donors did not clearly understand how their donations made a difference to the charities they supported. Or, worse yet, they simply didn't feel appreciated.

Now, add up the respondents who said they didn't know how their funds were being used; weren't sure the charity needed them; didn't receive thanks; experienced poor communication; or didn't remember supporting the charity.

**They all add up to 53%. That's a significant percentage!**

Now take another look at that chart. Of the respondents, 36% commented that they thought other charities were more deserving. That's also a significant percentage to consider. It should motivate you to think about your own organization. Are you failing to clearly communicate the benefits of your charity, including how it makes a difference? It's quite possible that other nonprofits simply are doing a better job of communicating their value.

Next, add that number to the equation. Nearly 90 percent of the responses indicate that a significant number of donors probably don't understand how your charity is making a difference, or whether their help is needed or appreciated.

Imagine how a solid communication plan could resolve these issues. Donor loyalty is based upon strong relationships, and relationships can only grow through effective and consistent communication.

If you have a low  
donor retention rate,  
you likely have a

**MAJOR**

communication  
problem.



## 2. AN EXAMINATION OF DONOR ATTRITION

Over the last 10 years, donor retention rates have either dipped lower, raised ever so slightly, or flatlined. At the same time, fundraising events in the nonprofit industry, especially those with peer-to-peer sponsorships, seem to grow bigger every year.

Here's a key question: Are new donors attending these events because they are loyal to your charity or are they friends and family members of those who solicited them? That's a hard question to answer for some fundraisers.

If, for instance, a fundraiser's task is to raise \$1 million and a key event achieves 90% of that goal, why worry about the extra effort needed to build strong personal relationships? Developing personal relationships requires multiple phone calls, face-to-face meetings, handwritten notes, and step-by-step plans. This method may seem to have many setbacks and few immediate rewards.

However, keep in mind that peer-to-peer solicitations and events like galas and golf tournaments may bring an influx of new donors that often don't lead to donor retention. Without personal relationships, you're creating a never-ending treadmill of bringing donors in the front door and watching them exit the back door almost as quickly as they came.

What is also exiting that back door is major gifts and legacy gifts. Can you really afford to lose those?

More than likely, you're experiencing that inefficient treadmill at your organization. Some years ago, I conducted a little experiment of my own while running my fundraising software company eTapestry.

I wanted to test out a few theories about the importance of nurturing relationships and communicating with donors. Although certainly not large enough in scope to be considered statistically valid, it was enlightening.

As part of this experiment, each of our new employees was given \$50 and asked to make either five \$10 donations or 10 donations in the amount of \$5 to charities they had not donated to before. I urged them to send a mix of online and mailed donations to both local and national nonprofits. The challenge to my employees was for them to measure and report back to me 90 days later with the answers to these three questions:

1. Did the nonprofit organization thank them? If so, how quickly?
2. How did the “thank you” message make you feel?
3. Did the organization do anything beyond the thank you communication over the next two to three months?

When I met with each employee, they didn’t hesitate to point out which nonprofit did the best job of building a relationship with them and which charities they most likely would continue to support. In fact, most of the employees elaborated for 15 to 20 minutes about how they felt regarding each nonprofit they donated to.



The feedback we received from the employees was mixed. First of all, it was encouraging to hear that some of those employees are still supporting a few of those very same charities years later. However, the exercise led to both alarming and satisfying results, including the following:

### **What was alarming?**

1. Several of the nonprofits did not even thank the new donor
2. Some didn't thank them until more than a month later
3. Only one out of 20 did anything special such as making a phone call, offering an invite to an event, or meeting the donor in person. (Those that did were well remembered by the employees.)
4. Most never did anything else in the way of additional communications, not even another appeal within the entire following year!

## What was satisfying?

1. Even for a \$5 new gift, some nonprofits thanked the donor promptly
2. A few sent a survey asking how they heard about the nonprofit and what their future communication preferences were
3. A few sent a newsletter within a week or two
4. As mentioned earlier, a select few called and left wonderful voice mail messages or talked in person. (Truly a 'wow' difference!)
5. The best of the nonprofits had a relationship forming within 90 days

Whether you're a nonprofit organization with a donor list with thousands of names or a startup nonprofit that's just getting off the ground, every charity organization has room for communications improvement.

Many of us need to be reminded every now and then as to why we started fundraising in the first place — we want to meet a need and build relationships. Donors are the lifeblood of many fundraisers, so it's only natural that if you don't have relationships with your donors, your nonprofit organization will suffer over the long term.

Keep in mind every single donor has the internal desire to make a difference in the world they live in.

*“You make a living by what you get,  
but you make a life by what you give.”*

— Author Unknown

### 3. MINIMIZING DONOR ATTRITION

You may be thinking that things are pretty bleak at your organization in regards to donor retention. Even if you wanted to turn things around, it may seem like a massive amount of work to launch a communication plan to address all the issues related to donor attrition.

Hang in there. There are solutions. And many nonprofit agencies are successfully boosting donor retention rates by building solid relationships. They're able to focus on donor relationships by implementing a comprehensive plan that includes tools, techniques, strategies, and a focus on the heart of why donors give in the first place.

Also, studies show a promising trend in overall giving. Thanks to recent research conducted by the Indiana University Lilly School of Philanthropy at Indiana University, we have a reliable forecast of how many dollars will flow into nonprofits in the United States over the next two years.

The research showed two significant trends that should influence charitable giving. They include an above average projected growth in the S&P 500 and an average to above-average growth in projected increases in personal income, household, and nonprofit net worth. These factors, combined with the extra funds available for discretionary uses such as charitable giving, should give you and your organization a reason to be optimistic.

Overall, total giving was projected to go up by nearly 5% in the coming year. With individual giving making up about 70% of all giving, the increase in discretionary income is a good indicator that this segment will lead to an increase in donations.



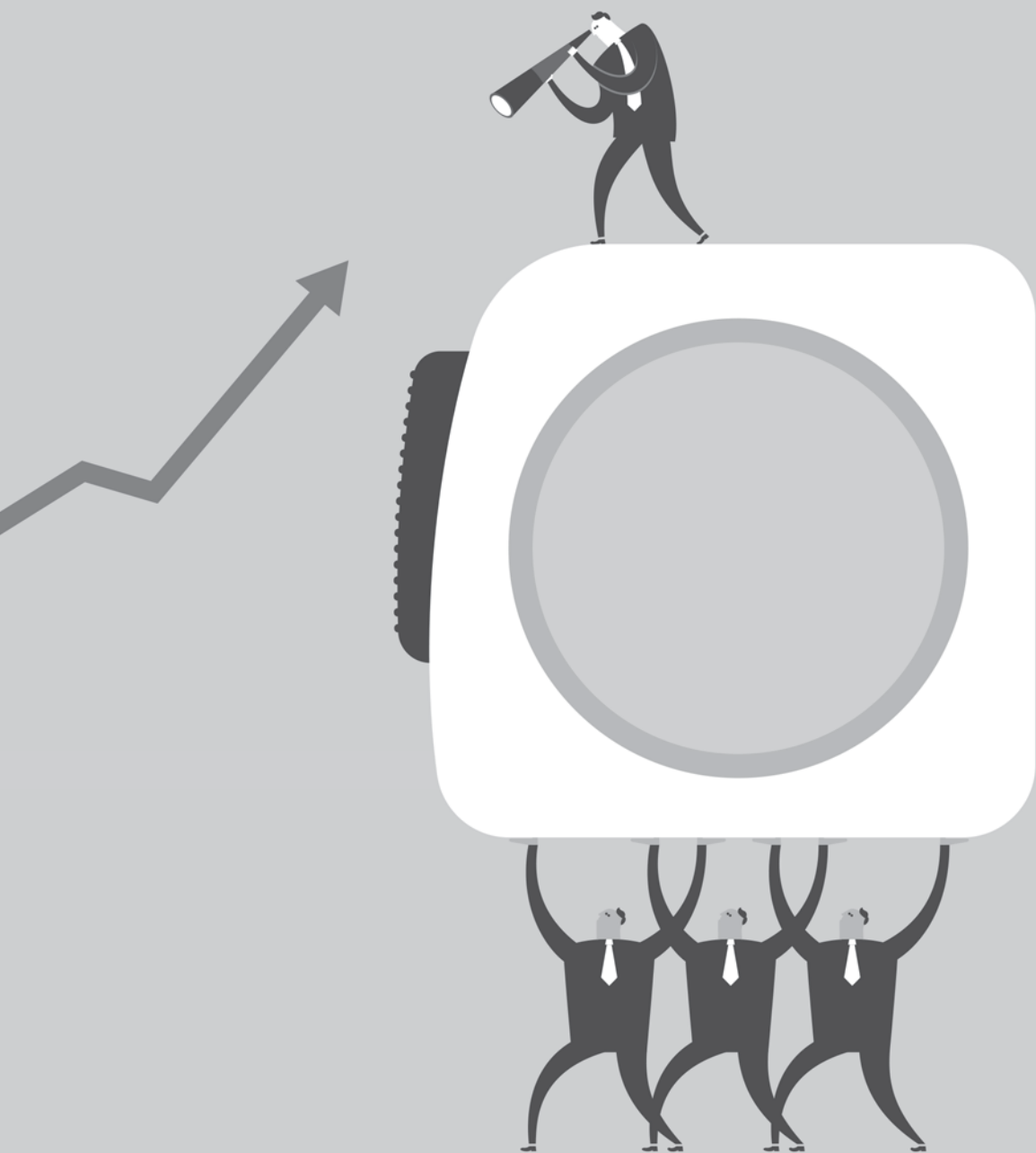
**29%**  
average first-time  
donor retention rate

— Fundraising Effectiveness Project 2016

# PART THREE MEASURE, ANALYZE, AND STRATEGIZE

*“Excellence is never an  
accident.”* — Jerold Panas





# 1. DEVELOPING A DONOR RETENTION PLAN

Before you start sending off occasional handwritten thank you cards to keep a certain percentage of your donors from leaving, PAUSE. Do this instead: Develop a comprehensive strategy — a donor retention plan that you and your team will commit to implementing. It will take an investment of your time, but the payoff will be great.

Developing a detailed plan will help everyone on your team get on the same page while, at the same time, help you streamline the retention process. For example, it's easier to send those thank you notes when you have a template, as opposed to having to create an entirely new note each time someone donates. Planning also helps put a process behind those types of ad hoc activities, saving your staff time and energy. A significant portion of your planning also should focus on donor communications and strategies — the primary key to creating long-lasting donor relationships.

Don't lose yourself in various types of retention strategies. You could lose sight of two primary goals — frequent and authentic communications between your organization and your donors. Always keep your focus there as you plan your strategy.



**When developing a donor retention plan, ask these 3 questions first:**

1. What happens when someone donates?
2. What materials are being sent to donors and when?
3. What information are you trying to learn from donors?



## 2. BUILD THE 3 LEGS OF DONOR ENGAGEMENT

As you embark on the important task of boosting donor retention, it's important to keep track of all signs of donor engagement as part of your fundraising efforts. Why? Measuring donor engagement is essential to determining whether your efforts are slipping or gaining ground. Also, research shows that when you have a higher level of donor engagement, you'll have a higher level of donor retention.

**If you improve donor engagement, you will improve donor retention.**

To get started on improving donor engagement, start by setting up a process for measuring metrics related to donor engagement. While tracking metrics is easy, compiling the resulting metric data in one central location can be tricky. Also, to ensure your team actually uses the process you implement, it should be easy to use. Thanks to the magic of technology this process of measurement and consolidation has become the standard for a few nonprofit CRM solutions. But more on that later.

When measuring donor engagement, it's helpful to think of it as a 3-legged stool, with the legs corresponding to three key areas of interaction with your constituents:

- Financial Transactions
- Actions and Activities
- Communications

### **Financial Transactions**

Start with the easiest area for just about any system to track — your Financial Transactions. These are the most straightforward metrics. (Every nonprofit should already be tracking these in some manner).

#### **Financial metrics include:**

- Regular donations
- Gift in kind
- Sustaining/recurring donors
- Recency and pattern of giving
- Number of years giving
- Upgrade/downgrade in amount
- Lapsed amounts

## **Actions and Activities**

Now on to your second leg — the Actions and Activities of your donors. As the saying goes, “action speaks louder than words.” When measuring donor engagement, quantify and measure any Actions and Activities that show how dedicated your supporters are to your cause. Are they showing up to your events? Volunteering to support any of your campaigns? By measuring their actions and activities, you can better implement the strategy you’ll use for your third leg — Communications.

### **Actions and Activities metrics include:**

- Event attendance
- Volunteering
- Visiting your location
- Visiting your website
- Face-to-face meeting off-site
- Board and/or committee memberships
- Establishing a family foundation
- Establishing a donor advice fund
- Use of matching gift relationships
- Stewardship

## **Communications**

Balancing everything out is the third leg of the stool — Communications. It’s my favorite metric because it provides you a generous supply of instantaneous donor feedback and data.

## **Communications metrics include:**

- Opens email
- Clicks links in email
- Unsubscribes from email
- Replies to regular mail
- Telephone calls
- Texts
- States communication preferences
- Inbound interactions
- Social media interactions
- Influencing others with their communications

By measuring and analyzing these signs of donor engagement, you'll have the metrics you need to perfect your donor retention campaign. Your measurements may be achieved with a point value of some sort or an easy-to-read metric. They need to be readily available to be viewed by everyone in your organization who touches donors.

They give you the insights to determine what's working and what's not, and allow you to adjust accordingly. Once you have even the beginnings of measuring donor engagement, you and your team have the missing piece of the puzzle in knowing the level of relationship being built!

### 3. 15 ENGAGEMENT SIGNALS YOU MAY BE MISSING

With donor retention rates hovering around 40%, it's likely you're missing some important donor engagement signals. Here are 15 to consider and to begin capturing:

- A first gift above your average donation amount
- A donor increases their annual fund gift
- A lapsed donor returns with a gift of any amount
- A person fills a table with guests at your event
- A donor informs you their mailing address has changed
- A donor informs you their email address has changed
- A person volunteers once or multiple times
- A person calls your office for information about your mission
- A person asks about your mission via your web site
- A person “likes” or “links” to you via social media
- A person signs up for your newsletter
- A person regularly opens your e-newsletter
- A person signs a petition having to do with your mission
- A person purchases or donates an auction item at/for your event
- A person attends one of your events as a guest of a donor

**Take action:** If these signals are being ignored, determine how and when your team will act on them. Who will follow up? Develop a plan that will help you keep track of these important engagement signals.

Donors with one or more of the above signals being omitted are literally waving a flag for you and your team to see, saying, “I look forward to higher levels of engagement.”

*“Engagement often begins  
with a tiny clue, not a major gift.”*

— Amy Eisenstein



# PART FOUR COMMUNICATE BETTER

*“There are two ‘I’s” in fundraising. They should stand for inspiration and innovation, not imitation and irritation.” — Ken Burnett*







# 1. THE ULTIMATE KEY TO DONOR RETENTION

More than half of the advice in *Stay Together* is devoted to the art of communicating with your donors. That's how important it is. You can have a superb CRM/donor management system, extensive reports with donor engagement metrics, and, of course, an amazing mission.

But if you're not communicating well with your donors, your donor retention rates will remain weak. It's essential that you develop a well-thought-out communications plan, execute it, monitor your results, and adjust it based on metrics.

Developing a new communications strategy requires you to slow down for a moment. Think about some of the important aspects of communicating in your day-to-day life. Whether you're talking to friends, relatives, spouses, co-workers or your donors, developing meaningful relationships takes time and sincerity.

Now, take a look at four important factors that will help you set the foundation for better donor communications.

**1. Sensory experiences are important.** You can paint a picture through words or photos about what your organization is doing. But take it a step further. Ask your donors to help in person by feeding the homeless, reading to children, building a school, touring your facility, or attending small group meetings.

These sensory experiences will help them get a better sense of your cause — and better engage with your mission.

**2. Mix it up.** Donors might prefer a certain form of communication, but give them multiple touch points with your organization. If a donor prefers emails, by all means, send emails. But occasionally check in with a phone call, extend an invitation to an event, or drop a personalized thank you note in the mailbox. (Think of how many different ways you connect with your friends.)

**3. Develop meaningful messages.** Avoid boring automated emails or standard form letters. Donors will see through it, realizing you're sending the same one to all your donors. Use your communication methods to deliver information on the areas your donors are most interested in. (Remember, the most meaningful message to any donor is sharing the results and the impact of their gift!)

#### **4. Encourage multiple people to reach out to donors.**

When more than one of your staff members and volunteers are communicating with your donors, you're stressing how important they are to your organization. Make and use personal introductions whenever possible. Plus, this protects your organization should one of the staff members communicating with donors leaves. (Most of your organization's major donors will insist on communicating directly with your senior executives from time to time).

*Communicate with your donors.*

*And do it in a similar fashion to developing a new friend.*

Here's an interesting fact to consider when developing your communications plan. Not all charities struggle to keep donor retention rates above 50%, 60% or even 70%. These organizations, which I've come across in my years of working in the industry, all share the same recipe for success:

- 1. They have a true and genuine focus on relationship building with all new donors**
- 2. They have a deep understanding of “customer service”**
- 3. They use a detailed and multi-faceted communication plan**

It seems like a simple plan. So, why aren't more organizations able to achieve this type of success? It's certainly not because of a lack of effort. The efforts made by most organizations toward donor acquisition often dwarf the efforts made toward donor retention.

Unfortunately, many nonprofit staff members already are so busy with daily tasks that they can barely keep up. And many of them are focused on finding new donors through direct mail, email blasts, special events, and other similar tasks rather than focusing on building relationships with existing donors.

And, of course, it becomes a vicious cycle. You cannot focus on retaining donors if you're overwhelmed with the task of getting new donors.

*“You have about 90 days after a donation is made to form the basis of a long-term relationship. After 90 days, the chances of retention plummet.”— Dr. Adrian Sargeant*

## 2. ESSENTIALS OF DONOR COMMUNICATIONS

Let's say you just received a gift from a first-time donor. Congrats! Now, you need to focus on ensuring they stay. The next 90 days are critical in developing a relationship with that donor — and hopefully establishing the foundation for a loyal donor.

Donor retention expert Dr. Adrian Sargeant says it takes two to three “touches” in the first 90 days after a gift arrives for you to drastically improve the chances the donor will stay with you. In nearly all cases, one of those touch points is a thank you letter. Make it special. Make it different from the rest.

That first donation represents an open invitation to what could prove to be of an immense lifetime value. Treat it as such. The donor will expect some type of thank you for the gift they just made. Make that first moment of communication special enough to set the foundation for a close relationship.

When you have first-time donors who contribute larger-than-average gifts, send a handwritten note or place a personal telephone call. These type of notes are so rare in today's digital-driven society that they stand out. People consider them special. Take the time to write them. Always keep in mind the lifetime benefit of encouraging a donor to stay.

A personal phone call, even if it's merely a voice mail message, allows you to be quite different from nearly every other nonprofit. Such an action is not expected, so it is truly special.

If the phone call is made by your top executive, the impact is even greater, plus it keeps your CEO in touch with your best supporters — always a plus!

Now, I'm going to ask you to take a leap. It shouldn't hurt. Take a moment to change your job description. Don't consider yourself a fundraiser. You're a relationship builder. How does that sound? Do the same for your team. Tell them to get into the business of relationship building.

You'll get better results. Here's why. When you focus on fundraising terms like prospecting, asking, appealing, cultivating, and stewarding, you lose sight of the crux of your mission. Even if you are well-meaning in using those terms, you'll likely distract your staff and volunteers from



one of the most critical components of fundraising — building relationships.

It's important that you make fundraising all about relationship-building. It's the essence of your mission. And here's a wonderful benefit. Everyone on your staff already has the essential skills for this new job description. Trust me, they know how to build relationships — with friends, coworkers, and family members. With all of your staff members and volunteers genuinely focused on building relationships with donors, you'll be surprised by the difference it can make with donor retention.

Commit to excelling at donor engagement points. They are critical because they will determine whether a donor will continue their relationship with your organization. Lose them at any stage, and you'll be faced with poor donor retention rates for years into the future. Please remember it takes numerous touch points to retain a donor and only one poor touch point to lose them ...

A key added benefit for all of your team as well as yourself is that relationship building with donors is genuinely fun and personally rewarding.

## **8 ways to make a great impression**

1. Answer the phone
2. Spend genuine time with someone when they visit your office
3. Greet someone at a special event
4. Interact with volunteers
5. Interact with donors on social media
6. Send a handwritten note
7. Ask about their passions
8. Listen

## **Make it more personal.**

Depending on the size of your nonprofit, you could be working with 500 to 1,500 donors. Or perhaps 10,000. It doesn't matter how many you're trying to communicate with. Find opportunities to personally engage with your donors.

Don't get overwhelmed. Your data can help you narrow your focus. Use it to figure out which donors are more engaged than others. For example, if they attend one of your events, focus on making a personal connection by following these tips:

- 1.** Encourage your team to interact with donors or prospective donors at your events.
- 2.** Introduce new donors or prospective donors to your highly engaged donors.
- 3.** Make a phone call or personal visit after an event to follow up.
- 4.** Use your newsletter to communicate meaningful updates after the event.
- 5.** Invite donors who attended the event to join you for lunch or some other in-person meeting.

While personalized communications can be effective, resulting in revenue increases, they can take a lot of time and effort. How many organizations actually have the bandwidth to take that on?

It may sound daunting, but the benefits can't be ignored. You can't deny the difference a personal connection can make — especially if it's a note written from the heart. If you're not able to meet a donor in person or reach them on the phone, a handwritten note is a great substitute. It has the ability to convey that personal touch.



## **5 signs that donors are engaged**

1. Gets excited about meetings and events
2. Has long periods of consecutive giving
3. Gives annually in increasingly large amounts
4. Shows interest in volunteering
5. Communicates with others about your mission

Unless you have the luxury of a dedicated staff member to write notes to every donor, you can use your data to segment certain groups of donors based on the following factors. Reach out to as many of them as time and budget allows.

- All major donors as defined by your nonprofit
- All repeat donors
- All first-time donors
- All donors giving above your average gift amount

The next step is personalizing your communication messages based on your various segments. If your organization is still using the same year-end letter for everyone, it's time to make those letters more personal. Long-time donors should not be receiving the same message as first-time donors. Donors who regularly volunteer deserve communications that acknowledge their commitment. Consider the following ways you can change your message to reflect the varying relationships you have with your donors:

- A slightly or totally different letter
- A different style or tone
- A handwritten P.S. or note in the margin
- A hand-addressed envelope
- A completely handwritten letter
- A letter and a phone call
- A letter and a personal visit
- A letter and a private event invite
- A note or picture from the recipient of the service provided by the previous gift
- A thumb drive with a video explaining the project the appeal is supporting
- A premium or small token of thanks in advance for the perspective gift

## TEST IT FOR YOURSELF

Seeing is believing. That's why you need to try this test to determine if personalization impacts your donor retention rates. Take one of your donor segments that are similar in amount contributed as well as status (new donor vs. repeat donor). Send personal handwritten notes to one group and your regular emails, letters, and other communications to the other group. Check back a year later to see which group experienced a higher retention rate or average gift amount increase.

12% of donors provide 88% of funding  
— *2014 Fundraising Effectiveness Project,*  
*The Urban Institute, and AFP*

**TIP:** Use the above statistic to determine which of your donors should receive personalized communications. They could fall between these percentages. You also could look at the lifetime value of a donor to determine which ones should receive personalized communications. The value of long-time donors could far outweigh the time and expense you dedicate to sending personalized communications to them.



### 3. THE POWER OF SAYING “THANK YOU”

Although it may seem obvious, many nonprofits take for granted the importance of a proper gift acknowledgment. A thank you letter could be the “springboard” to improving your donor retention rates. In the past 30 years, I’ve had the pleasure of helping more than 20,000 non-profit organizations implement new fundraising databases.

It’s always great to hear first-hand stories of how organizations are reaching out to their donors. However, in some cases, I found that some of these organizations were using the same thank you letter template again and again. In some cases, that one template was sent to every donor, whether they were a new donor, a major donor or a repeat donor. To make matters worse, the letter sounded like an Internal Revenue Service agent had written it.

Don’t make this mistake. Keep your donor acknowledgment processes personalized and fresh. By doing so, you can significantly improve your donor retention rates. Also, remember that a letter does not have to be your only form of gift acknowledgment. Don’t be afraid to pick up the phone or send a handwritten note, especially for above-average gifts.

**IMAGINE THIS.** What if you received the same holiday card, Mother's Day card, Father's Day card or birthday card year after year from a loved one? Would you feel special? Would you feel that the sentiment was genuine? In the same way, why would a donor feel special after receiving an impersonal and generic Thank You message?



## **Donors want to feel as if ...**

- ... their gift truly made a difference
  - ... their gift was deeply appreciated
  - ... they will be kept informed of how their gift is making a difference
  - ... other donors they introduce to your organization also will feel special
- Council of Nonprofits

Simply saying thanks is one of the first steps in donor retention. However, you will need at least four different thank you letters in your donor acknowledgment toolkit to say thank you effectively. No matter which donor management software you use, you should be able to automate the process of filtering thank you messages into four or more segmented groups. This is a simple manner to begin the process of communication segmenting.

New Donors Below Average Donor Amount	New Donors Above Average Donor Amount
Repeat Donors Below Average Donor Amount	Repeat Donors Above Average Donor Amount

Bring your team together to develop different messages and actions based on these four segments of donors listed here. Think of ways to personalize each of your messages of gratitude. A thank you letter to a new donor will obviously be different than one sent to a repeat donor. New donors may receive a welcome kit, for example.

Likewise, thank you letters sent to donors who give \$50 will be different than those sent to donors who contributed \$500. Perhaps, you'll send a handwritten note to a contributor who sent a larger-than-normal amount. Or add a special P.S. to their thank you.

In addition, supplement the letters with phone calls, personal visits, volunteer opportunities, event invitations, an email or two, and even a text, if appropriate.

No matter the size of the gift, make sure you communicate to all of your donors the importance of their support. Include these essential messages in your thank you notes:

- An explanation of how donors help you achieve your mission
- Details about how their donation will be used
- A notification that they will soon receive a welcome kit
- An inquiry about their preference for communications (email, regular mail, phone, newsletter)
- A CTA (a call-to-action on how the donor can get more involved if they are so inclined)

Take the time to determine the effectiveness of each thank you note. Tweak them with a few minor changes to see if you get even better results with donor retention. Also, avoid the embarrassment of sending the exact same letter to a repeat donor by regularly updating your templates at least once or twice a year. Email thank you templates should also be updated regularly.

While it may seem natural to welcome new donors to the fold with special treatment, you'll do well by doing the same for your long-time donors. Remember the key is minimizing your donor attrition rate for all donors.

Repeat donors are the backbone of your organization. Don't take this group for granted. Your thank you notes and any other interactions with repeat donors are extremely important. Devote some energy to thinking about the best way to convey how special your donors are. From thank you letters to lunch invitations, emphasize how critical these repeat donors are to your organization.

Include these key points in your communications to repeat donors:

- Let them know you are well aware of the fact they are now a regular supporter
- Inform them that regular donors provide 80% to 90% of your funding
- Explain how the gift will be used
- Invite them to a tour or other personal event
- At least annually, let them know what their lifetime giving total is along with a note of thanks

We touched on the why behind saying thank you, but there's more to communicating to your prospects and donors than just getting it done. Make sure you're talking or writing in a way that's personal and effective. Here's what nonprofit donor communications guru Tom Ahern has to say about it: You need to make sure you focus on the donor — not on your organization — by regularly using the “You Test.” Try it yourself.

## **The “You Test”**

Use at least 2X as many “You’s” as “We’s” in any documents, emails or newsletters sent to donors.

The key is using pronouns properly. It allows you to put the emphasis in the proper place — on the donor. Your donor should feel at the center of all that’s happening in your organization.

After presenting Tom’s “You Test” at a conference, several attendees noted that this approach also could be effective in phone calls and face-to-face meetings. They pointed out just how different donor and prospect meetings/calls would unfold when the focus remained steadfast on the person they were talking to. Good point!



Keeping the focus on what the donor cares about also is critical. When I reflect on the major gift conversations I've had, whether as a donor or as the volunteer fundraiser, the conversations always were much deeper when the focus was on the donor. When you're able to tap into the emotional reasons of why a person donates to your organization, more often than not you're able to develop longer relationships and increase donations. Passion is both powerful and uplifting.

By using the basic premise of the "You Test," you also can significantly improve your thank you letters. If the people signing the letter or writing a P.S. add some of their own passion, you are well on the path to improving your donor retention. The lifetime value of those responding to your genuine appeal will soar.

The "You Test" should be considered from the start of the engagement, providing donors the confidence they need to continue giving to your organization. Analyze all aspects of the process — from online donations to follow-up communications — to ensure that the donation process is seamless and genuine.

Include the following in your assessment of how well you're focusing on donors:

**Website:** New and current donors are likely to visit your website to gather information about your organization. The site should be well organized and provide plenty of information about your mission, donor recipients or case studies, 990 filings, social media links, an invitation to receive emails, mission performance results/supporting data, blogs, updates, and communication among your constituents. More importantly, they should convey to visitors exactly how their donations will be used. Lastly, your site should include a secure online donation feature. (Please do not take them away from your website to another website. This confuses most prospects and donors and causes a loss of trust).

Share numerous stories on your website of just how large of an impact donors and funders have had. Impact stories are much more stimulating than charts or graphs. Just think about what you personally remember most — stories or graphs?

**Numerous Ways to Make a Gift.** When donors have an urge to give, make it easy for them. Provide numerous options for donating through special events, social media, direct mail, online donations, and face-to-face solicitations. Keep in mind that people may prefer donating different ways based on their personal preferences.

**Communication Preferences.** From the start, ask donors how they would like to receive communications from you. Keep these preferences in your database. From there, your database will help you track and tailor your message based on various segments. They can determine what each donor cares most about, including areas they would like to fund and which mission updates they want to receive.

## **Do Good with an Audit**

Do you have \$50, \$100 or \$500 to donate to a good cause? Use those funds to do an audit on how other nonprofit organizations respond to you as a new donor. You'll benefit their missions while gaining invaluable insights.

### **Here are a few tips to consider:**

- 1.** Make a list of 15 to 25 local and national charities that seem to have strong donor communication plans.
- 2.** Make a personal first gift of varying amounts from \$5 to \$25 to each of the charities
- 3.** Make one-third of the gifts online, one-third by mail and one-third as part of an event. Respond naturally to communications from the charities.

4. Track and record the actions of each charity as well as your personal feeling about each action.
5. At the end of 90 days, report back to your team on the interactions. Use the feedback to improve your own communication plans and donor retention rates.



## **REFRESHER**

Let's recap the important points in this chapter:

1. Donor retention rises if the donor feels special
2. Sending a standard thank you letter is only a start: Plan a strategy for each segment
3. Make it special: New donors know when communications are automated
4. Build donor relationships like you'd build relationships with close friends
5. Keep the "You Test" in mind for every interaction









# PART FIVE NURTURE YOUR ORGANIZATION'S CULTURE

*“An organization that focuses on itself while ignoring donors will lose both its soul and its donors.” — Roger Craver*

# 1. START TO PIVOT

You can't turn around your donor retention rates without taking a good look at the people who make up your team. Do they really grasp your nonprofit's mission? When they wake up in the morning, are they enthused about making a difference through your organization? If they're not fully engaged and excited, they won't convince your donors to get excited.

These are incredibly important ideas to think about. Your entire team needs to be thrilled about what your organization is doing. It's important to build a vibrant organizational culture. It's the key to keeping your team engaged, excited, and genuinely interested in reaching out to others about your mission.

Connect the dots. It's a matter of one thing leading to another. A great organizational culture generates enthusiastic staff members who will gladly help build relationships with donors. And those donors will be more interested in staying dedicated to your cause.

**Great culture = better donor retention**

## **It works. It really does.**

Some nonprofits are getting it right when it comes to organizational culture. As part of a large charitable organization's recent fundraising campaign, every single employee of a large charitable organization made a pledge. Not because it was demanded of them. They wanted to. These included numerous entry-level employees who made five-figure commitments. This obviously was an organization that had built an organizational culture that encouraged this type of commitment and enthusiasm.

Check the pulse of your organization. Do employees and volunteers happily engage? Or are their energy levels waning? If carefully nurtured, you can create a culture that is contagious within the walls of your building — as well as outside among volunteers and donors. Taking the time to build this type of organizational culture is worth the effort.

When you think of organizational culture, does your mind immediately drift to for-profit corporations like Google, eBay and Zappos? If so, that's not surprising. They have received plenty of media attention for excelling with company culture. And if those companies came to mind, you're also probably thinking, "I don't have millions of dollars to invest in cool office spaces, latte stands, and free lunches."

Don't worry. Free lattes are not necessary.  
The secret to creating a great organizational  
culture at your nonprofit lies in your mission.

## **BENEFITS OF A GREAT NONPROFIT ORGANIZATIONAL CULTURE**

- Employee Engagement
- Employee Retention
- Customer Satisfaction
- Customer Loyalty
- Long-Term Customer Value
- Return on Investment

## 2. 8 STEPS TO AMAZING ORGANIZATIONAL CULTURE

Now, let's move on to the nuts and bolts of creating a great organizational culture. As with any other organization, your team can lose steam — and fast — if you're not regularly working to cultivate an environment that is inspiring. Here are 8 steps to ensure that you do.

**1. Invite input from your team.** When your employees and volunteers feel that their opinions are genuinely valued, they will feel more invested in the success of your nonprofit's goals and mission. Look for opportunities to gather ideas from your team, including hosting group meetings and one-on-one discussions, and setting up idea boxes. There simply cannot be too much communication between your staff and the other teams in your organization.

**2. Regularly communicate your mission.** There's plenty to do on a day-to-day basis. And it's easy to get tangled up in the details and lose sight of the big picture. Communicate that big picture as part of everyday conversations. Post images of success stories and thank you notes around the office. Make a "mission moment" be a part of both staff and board meetings as often as possible.

**3. Chart your goals.** Every nonprofit sets goals. Does everyone on your team — staff members, volunteers, and donors — know about them? Talk about them frequently along with any progress you're making. Don't simply focus on dollar amounts. Always emphasize the outcome of raising those dollars. In addition, post your donor retention and gift retention rate goals as well as your current results. These can prove to be great motivators, fueling the passion among your team members.

**4. Celebrate successes.** Inspire your team by applauding and recognizing great milestones, whether it's hitting a monetary goal or receiving a note from a donor or gift recipient. It's another essential key to building an organizational culture that inspires commitment and, as a result, a team that is dedicated to building relationships with donors.

**5. Recruit and hire the best candidates.** If you take the time to examine successful fundraising teams, you'll find common traits among them — whether it's a small team with paid staff members and volunteers or a national nonprofit with a paid staff of more than 100 and a small army of volunteers. Their success begins with recruiting. When searching for employees or volunteers, include your existing team in the recruiting and hiring process. Trust me. They will have a vested interest in selecting individuals who will fit the culture they adore.

**6. Train your team.** If your fundraising team is smashing its goals, invite new hires and volunteers to shadow them so they can witness the organization's culture in action first-hand. This type of on-the-job training should be supplemented with a top-notch orientation for both new employees and volunteers. This is very similar to having an outstanding board orientation where we allow the organization's S.M.I.T. (Single Most Important Thing) to ring out loud and clear. But don't stop there. Keep up with industry best practices by maintaining a consistent training schedule for your entire staff. Make sure training budget dollars are allocated for every single role and team member.

**7. Cultivate day-to-day practices.** As you might guess, daily routines become extensions of your practices, training, and orientation. One of the most special traits of a culture-rich organization is how every employee and volunteer looks out for each other and for the good of the organization. There is no finger pointing or saying something does not fall into this department or that department. Everyone just jumps in to do the little things that enable donors, sponsors, volunteers, mission work recipients, and prospective donors to feel as if they're one in a million. Just keep it up.

**8. Invest in innovation.** Whether you call it the Communication Age, the Digital Age or the Computer Age, we're living in times that are rapidly changing. It seems a new innovation always is around the corner. We also live in an era in which people feel more emboldened than ever to try new ways of doing things. However, innovation cannot happen within your organization unless the status quo is always viewed as something to be improved.

Organizations possessing top cultures never rest on their laurels. The constant need to improve and produce better results is part of their DNA. This is where innovation springs from. When you combine this innovation with people and processes that are already achieving success, even higher levels of success is the most common result. Does your organization's culture influence all eight of these aspects in the manner you desire?



## **TOP 2 CULTURE AXIOMS**

You don't always need the proverbial Top 10. When it comes to culture-related axioms, I have my Top 2 for the business and philanthropy world:

1. Culture Always Holds Up; Rules Never Do.
2. Culture Trumps Strategy Every Single Time.

Pause and think about how insightful and powerful these two axioms can be if each of your staff members and volunteers internalize them. Place them where they can be viewed. Change will come!

### 3. MAKE SOME **BOLD** MOVES

Not many of us would deny the power of innovation. At the same time, many of us don't venture into that territory much. The status quo can be quite comfortable. Think about it. When was the last time your team made a move that seemed a bit risky? Radical even? Nothing comes to mind? Then you're overdue for some bold moves. Being radical can deliver startlingly successful results if you give it a try.

**Here's an instance of a nonprofit that made a **BOLD** move:**

**Smile Train**, which provides surgeries to children born with clefts, made a "donate to opt out" campaign. A campaign that focused on getting people to opt out was definitely a bold move. The organization risked losing hundreds of thousands of contacts by telling prospective donors that, if requested, Smile Train would remove them from the active appeal list. However, they asked for a donation in return. Only a small percentage of the donors asked to be removed, but the organization gained a more loyal following.

No matter the size of your nonprofit, you can break free from the status quo with the following tips:

1. Establish a portion of the overall budget for experimentation and innovation
2. Encourage donors to support an “Innovation Fund”
3. Make it a policy to experiment in a **BOLD** manner
4. Make innovation a key section of your strategic plan
5. Task your Strategic Planning Committee with also being the Innovation Committee



## 4. GET YOUR ENTIRE TEAM ON BOARD

If you're able to get your staff members and volunteers energized, congratulations! That's awesome. But it's only half of the battle. It's critical that your board members are ... well, on board with your new direction, too. It's amazing what can happen when the true power of a board awakens. There are very few strategic items more vital to achieving mission success than improving donor retention.

Fundraising is all about relationships. And relationships are built by everyone that touches your organization in any way – and that includes your board members. Are they equipping your team to be successful?

In my experience with numerous nonprofit boards, I've found that the reluctance to change can be greatest among this group. Here are some ways boards can get a bit stuck:

- Being more comfortable with conservative routes
- Believing the status quo is good enough
- Fear that innovation can be too disruptive and costly
- Focusing intensely on the expense side of the annual budget
- Reluctance to trust that significant increases in revenue are possible
- Keeping up with a history of “staying the course,” generation after generation

You can quickly assess how involved your board is in the fight against low donor retention. Are they making phone calls, writing thank you notes, and scheduling face-to-face meetings with donors who make above-average gifts? Their involvement in these type of activities should be the expectation — a board that is focused on building relationships can make a significant difference in donor retention as well as energize your entire staff. Plus, if it's working, everyone has fun doing it!

In addition, you should expect every board member to lead by example through the act of donating. A financial commitment by every board member is essential for the growth and success of the organization, as well as the furthering of its mission. Unfortunately, this is not always the case.

## **Set the expectation**

When considering whether to ask your board members to make a financial commitment, consider these scenarios:

- A notable foundation is willing to make a game-changing grant. Their documentation states that there must be 100% participation from the board in order for the grant to be a reality.
- The CEO of a corporation stepping up as the major sponsor for your signature event would like to know if everyone on the board is an active donor.
- Board members who have introduced friends as potential donors have heard those friends ask why they were not listed in the back of the annual report as long-term loyal supporters.

If you are properly researching and vetting prospective board members, you will likely select only those with a strong sense of allegiance to the mission, as well as previous donations of time and money. The conversation surrounding a required financial commitment should be moot.

A strong personal passion for your organization's mission is a "must" for any individual to be considered for a board position.

However, it is important that you stress the importance of giving by providing potential board members with a written commitment form that lays out the requirements of being a board member. It can include the financial commitment requirement, thereby removing the need for any initial in-person broaching of the subject.

One of the nonprofits I was involved with actually utilized a board member application form. This form allows potential board members to share their reasons for joining as well as exhibit their passion for your cause. As you might imagine, this organization has made very few poor choices in selecting new board members.

Improving donor relationship-building should be a mindset that permeates far beyond just the fundraising team. We've clarified that it should be in the mind of every single member of the team, particularly with your board. Why? Because you want to reinforce acceptance of that mindset through a trickle-down effect. You can gain a better understanding of this process by asking the following questions:

**1. Is your board of directors 100% committed?** This is where team chemistry starts. Your board chooses the executive director, who then hires the rest of the fundraising staff. If the proper mindset is not in place as those hires are being made, everything can fall apart when you're trying to focus on donor retention. Without the right

people in those roles, it can be challenging to focus on the importance of relationship-building and fundraising. Commitment means 100% participation in personal donations, legacy giving, and most importantly, leading by example with the mindset of outreach and relationship-building. Bottom line: the mission and the funding success are near and dear to every board member's heart and soul.

## **2. Does your executive director embrace fundraising?**

Each of your major donors and legacy donors will want to interact with either a board member or your executive director. If your executive director has little or no desire to be involved in fundraising and, therefore, building relationships, you're drastically reducing your ability to boost donor retention. If your executive director is not leading the charge for major gift fundraising and legacy giving, a significant portion of your funding could be at risk.

That's because most funds donated to nonprofits generally come from about 12% of your donors. As I mentioned previously, your executive director should be focusing on those 12%, building genuine, meaningful, and long-lasting relationships. If more than 50% of the nonprofit's funding comes from various fundraising processes, any new executive director must not only have experience in fundraising but must also embrace it as the top priority of the new role.



No matter how strong of a fundraising team there is in place at any nonprofit, they will always produce much more if the executive director is intimately involved. Every major donor, funder, and sponsor desires to have a personal connection with the head of the organization and to hear the vision from that person. If you want a financially committed board who embraces fundraising involvement, you had better have an executive director leading by example, since that is who handles the majority of their interactions with your nonprofit.

### **3. Does your official head of fundraising value relationship-building?**

I've found that the most successful fundraising organizations make relationship-building the highest priority. And the head of fundraising should be the person leading the charge. In fact, you can easily tell how important relationship-building is to a nonprofit by looking at the calendar of its head of fundraising. Nearly every slot for coffee, breakfast, and lunch should be filled with appointments with prospects and donors. And there should be plenty of telephone appointments and face-to-face meetings scheduled through the rest of the day. Your team's excitement about scheduling these types of meetings is a big indicator of how well you can engage donors. It also will be a huge factor in setting the tone of your entire organization's relationship with donors, which leads to the next point.

It should be noted that such personal commitment and energy for fundraising cannot be faked. Such faking will be promptly noticed and work in an opposite direction.

#### **4. Does your entire staff embrace customer service and relationship-building?**

Experienced fundraisers can tell when an organization is totally devoted to customer service. These organizations are building close relationships from the first minute of interaction with their donors. The chemistry of a fundraising team can't move to its highest level without a customer service mindset that is embraced by every employee and volunteer. Everyone should be exuding a feeling of warmth and helpfulness at every turn. This type of customer service mindset can make all the difference in your organization getting that first donation — or, more importantly, whether the donor will decide to donate a second time. Receiving a second gift is one of the most significant indicators of long-term donor retention.

If you can get to the point where you can answer positively to all four of these questions, you're on your way to greater success with fundraising and donor retention. It also will impact your organization in other ways, including high morale, employee retention, and mission achievement.

## **KEY TAKEAWAYS**

**Build a solid organizational culture by putting the following steps into action:**

- 1. Constantly remind your team of your organization's mission**
- 2. Regularly celebrate milestones**
- 3. Recruit and hire with donor retention in mind**
- 4. Assess your board's commitment to building donor relationships**
- 5. Encourage staff members and volunteers to experiment with bold ideas**





# PART SIX GET CLOSER TO MAJOR DONORS

*“You must put yourself in the place of  
greatest opportunity.” — Kent Stroman*

# 1. EXPAND YOUR MAJOR GIFT DONOR BASE

As you already know, major gift donors are the backbone of your campaigns. If you're like many nonprofits, you're heavily relying on the funds they provide to sustain your budget and mission. More than likely, you'll also find that this group also is among the smallest of your donor categories. This is a perfect example of the Pareto Principle — about 80% of your funds come from about 20% of your donors. (We have shown earlier that it is now averaging 88% of the funding comes from just 12% of your donors.)

Now think about that. What kind of impact could you make if you were able to increase the number of donors in that 20% group — even by a little bit? It's possible if you go about it strategically.

## **PARETO PRINCIPLE**

In 1906, Vilfredo Pareto observed that 20% of Italians owned about 80% of the land in Italy. The economist also noticed a similar pattern in his garden — about 80% of the peas came from 20% of the peapods. Since then, the Pareto Principle has been applied to almost everything under the sun — including nonprofit fundraising.

You can simply provide an easy means for your donors to refer some of their like-minded friends to donate to your organization. You may receive a one-time gift or, even better, a regular long-term donor that falls into the 80% category. But, more than likely, it will take more effort to engage people who will commit to becoming major donors.

Let's hone in on how you can achieve that goal with strategies commonly used by commercial marketing experts as well as untapped resources you may not have considered. Follow these 3 steps to broaden your base of major gift donors:

**1. Build a Net Promoter System.** Commercial marketing professionals often rely on a simple metric to identify and track their most loyal customers. It's called the Net Promoter Score (NPS). This system is based on the perspective that all customers can be divided into three categories:

- **Promoters:** Loyal enthusiasts who keep buying from a company and urge their friends to do the same.
- **Passives:** Satisfied but unenthusiastic customers who can be easily wooed by the competition.
- **Detractors:** Unhappy customers trapped in a bad relationship.

Now, take it a step further by asking a simple survey question: “How likely would you recommend us to a friend?” Identify your net promoters by sending an email or mailed letter survey to your major donors with that question.

The answers, which can be graded on a scale of zero to 10, will quickly provide a picture of engagement for each participant. It will also provide an important metric for your organization as a whole in how happy your constituent base is. To calculate NPS, take the percentage of customers who are promoters and subtract the percentage of detractors.

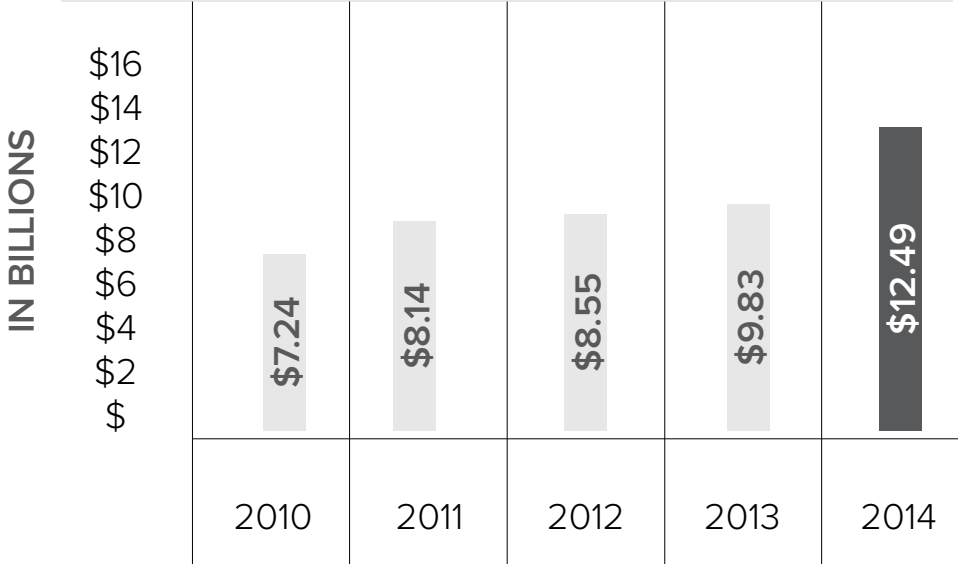
**Key point:** Keep your surveys very short and easy to partake.



**2. Use soft credits.** Another method for identifying major gift prospects lies in determining the people who are responsible for attracting donations. Any action that directly brings in fundraising dollars via their referrals results in both a soft credit and an indication of engagement. Some examples of soft credits are company matching gifts, peer-to-peer fundraising, and special event table captains. Spot and mark every soft credit transaction. This will give you an idea of who is already working beyond their current personal means to support your cause. This important group is more times than not overlooked by most nonprofits.

**3. Identify larger donor pools.** When seeking ways to expand your sources of major gifts, take the time to identify affiliated pools of larger assets that are already intended for charitable giving — and are in line with your mission. These sources have grown exponentially in the past few decades. For example, donor-advised giving funds were \$12.5 billion in 2014 — up from \$7.24 billion in 2010. Whenever any gift arrives from either a family foundation or a donor-advised fund, it should be connected with the proper constituent and labeled as a major gift prospect in your database. Each of the methods can be used alone, but together they provide overwhelming evidence of where major gifts might be found. Keep in mind, if any family or person establishes a donor-advised fund, they plan on being charitable for years to come!

**Figure 1:** Total Number of Grants from Donor-Advised Funds



\$12.5 billion Donor-advised giving funds in 2014  
— National Philanthropic Trust

We've already noted how most of your donations will come from a small portion of your donors. The same can be said about your fundraising calendar year. Here's what I mean by that. For a majority of nonprofit organizations, 80% of the dollars raised annually occur within 20% of the time in any calendar year.

Since this phenomenon is unlikely to change for most registered nonprofits, it's important to maximize your fundraising efforts with the Pareto Principle in mind — for donors as well as for your calendar year.

### **Develop a strategy for a year of giving**

As you develop your fundraising strategy, it's important to start the process early — preferably by the third quarter of the current year to maximize giving during the following year. This should include a thorough analysis of fundraising throughout your calendar year.

If you're unfamiliar with this type of planning, consider hiring seasoned consultants to assist in the process. You should be able to justify the extra expense within the first few weeks after sending out your appeal.

During initial planning stages, keep in mind these four actions:

**Assess:** Analyze year-end giving from prior years. Check for spikes and dips in funds raised.

**Compare:** What worked well? What did not?

**Evaluate:** What caused prior successes and/or failures?

**Outline:** Document the changes you will be making to previous year-end programs.

## Timing

Through your analysis of previous fundraising efforts, you've likely concluded — as many other nonprofits have — that your strongest fundraising periods include the winter holiday season or simply the end of the year.

Many of us who have made year-end donations have probably made at least one of them on the last day of the year. This is especially true in the age of online donations where such transactions are a breeze.

Please keep these facts in mind as you conduct your planning.

## 2. LEGACY GIVING: AN EFFECTIVE RELATIONSHIP BUILDER

Do you have donors who have been loyal in supporting your organization for three or more years? If so, those donors truly care about your mission. And, hopefully, you've been nurturing those critical relationships with meaningful personal communications — handwritten notes, one-on-one conversations, and creative acknowledgments of their support.

These are the people you can approach about building a deeper, more personal relationship — by introducing the concept of a will. However, if you're like many in the nonprofit sector, there's a good chance you're reluctant to have those conversations with your loyal donors. Although I have been a multi-year donor for a number of organizations, only three have directly brought up the subject of legacy with me and my family. It's no surprise that those three charities are named in our will and estate plans.

Maybe you include the topic in your communications, but if you're only relegating the topic of legacy planning to the fourth or fifth article of your newsletter, you're still missing an important opportunity.

Keep in mind that loyal donors at all levels are potential legacy donors. Even a small estate can make a significant impact on your mission. Draw up a list of these donors and start the conversation. The bond will be so much stronger after such a string of discussions on this topic. More

importantly, you can help donors gain peace of mind after discussing the security that results from making decisions related to a will — whether or not it benefits your organization.

For those who are already familiar with wills or have already completed one, your conversation may be the nudge they need to take action — whether to create one or to add your organization as a beneficiary.

Only 50% of American adults have a will  
— ABCNEWS poll

Be prepared to answer questions and explain the benefits of having a will when approaching donors. Anyone who has ever drawn up a will likely came to the conclusion that having one is much better than leaving behind an estate and belongings with no designated recipient, especially if they have children.

Why? It can be boiled down to a few reasons:

- Complex tax codes
- The possibility of significant tax consequences
- The rules of intestate
- Making their wishes for their assets come true
- The ability to leave a legacy of some nature

There's one more step you need to take before asking donors to include your nonprofit organization in their wills. Make sure that you and your team have done the same with your own wills.

The charter members of any legacy society should include your charity's entire management and fundraising team. (I am always a bit surprised to see that not being the case).

Once you have taken that step, asking about the possibility of being named in a donor's will comes much easier. In addition, once you achieve some success in discussing wills and being named in them, you are well on your way to a fully functioning giving program for your organization.

**PART SEVEN**  
**THE DATA**  
**MANAGEMENT**  
**CONNECTION**

*“Martin Luther King didn’t get up  
50 years ago and say, ‘I have a budget  
and a plan.’” — Alan Clayton*





# 1. USE SOFTWARE FOR A SMOOTH OPERATION

You'll find that it's virtually impossible to improve donor retention without accurate fundraising data and effective fundraising software. They're your keys to having a bigger impact on the achievement of your nonprofit's mission — by boosting your ability to significantly raise funds during a given time period.

Unfortunately, far too many fundraising software solutions are designed and used merely as systems for maintaining records and issuing receipts.

Effective fundraising software easily and accurately facilitates communications and constituent management, tracks engagement levels, and provides an active dashboard, as well as handles your bookkeeping. The following are the 5 key elements of an effective fundraising software platform:

## **Element 1: Communications**

Since fundraising is based upon relationships, and virtually all relationships are the result of properly communicating, let's agree that this element is the most important.

Communications covers a wide spectrum of items ranging from outgoing newsletters and solicitations to follow-up communications, including thank you letters. Your system must be able to effectively and smoothly facilitate each and every communication process.

When assessing the effectiveness of fundraising software, always consider how well it:

- Creates, sends, and tracks the results of all your email communications
- Quickly and properly acknowledges and thanks every donation via a letter or email
- Properly segments and creates outgoing solicitation letters
- Easily stores a copy of every communication in the constituent record
- Handles other communications such as newsletters, surveys and reminder letters

## **Element 2: Constituent management**

Of course, this is another important key element. By working with a system that is easy enough for every fundraiser and executive in your organization to use, you're setting yourself up for more successful and tailored communications with your donors. Donors should feel like you're paying attention to their responses and gifts, no matter which person on your team is communicating with them.

If all fundraising is based upon relationships, and you are working with more than 25 people, you need an easy and reliable way to capture all the details discussed in meetings and conversations as well as your specific follow-up actions.

Therefore, entering and accessing those details with every person, foundation, and corporation is essential. And it can be done in real-time with the use of smartphones and tablets. Relying on a single administrative person to do this is impractical and inefficient. Remember: The details of every interaction are the springboard to retaining every donor. It will give you immediate insights into what every constituent wants, needs, and desires.

Any system too complicated for everyone in your organization to use, especially your top executives, will harm your donor retention in the long run.

### **Element 3: Tracking engagement levels**

Could you imagine trying to drive a car without a speedometer or gas gauge? Trying to raise funds from constituents without accurate knowledge of their engagement level with your organization is just as difficult.



Whether the capability to determine the engagement level is part of the summary screen for each constituent or is based upon a customized report you create, these are the key factors your software should be tracking:

- Types of giving (multi-year pledge, recurring or outright gift)
- Giving trend (up or down)
- Number of years of giving
- Volunteer activity
- Event participation
- Stewardship
- Social media activity
- Board or committee participation
- Communication preferences
- Initiates communications
- Opens email
- Responds to email
- Subscribes to multiple communications
- Soft credits
- Website visits
- Legacy giving

Meticulous record-keeping  
is critical to building  
great donor relationships.

#### **Element 4: Active dashboard**

Isn't it nifty when your car dashboard tells you there's a tire with low pressure, a service is due or your washer fluid is nearly empty? Similarly, your fundraising team must have critical information at their fingertips in order to achieve the desired results. Dashboards and alerts reveal this information every time the fundraising software is used.

Most of these alerts and dashboard readings should be based upon best practices for small- to medium-size nonprofits.

Unless you have an extremely experienced fundraiser on staff or have hired such a consultant, the settings deemed vital by top-notch industry experts will serve you best. They will also reduce your implementation time by 75% or more.

## **The established standards include:**

- Donor retention monitoring
- Instant campaign statuses
- Alerts for key fundraising actions
- Sending thank yous promptly
- Doing multiple appeals annually
- Engaging donors about to lapse
- Key dates for events
- Follow-up items for constituents
- Updating credit cards on file about to expire
- Newsletter due dates
- Critical special event dates
- Campaign ending dates



## **Element 5: Recordkeeping and reporting**

Any good fundraising software system should provide proper recordkeeping of pledges and donations. This may also involve some standard or custom reporting depending on the extent of your dashboard. Be careful about using systems designed for the commercial business world. No business except for a nonprofit has to worry about the following for nearly every financial transaction:

- Tax deductible or not
- Matching gift involved
- Soft and hard credits
- Type of pledge payment plan and reminders
- Recurring transactions up to a date or amount
- Memorials and tributes
- Special recognition and/or no recognition
- Fund involved
- Campaign and/or appeal involved
- Funds encumbered or not
- Funds restricted or not
- Thank you letter/email type
- Gifts in kind

The above items alone are why most commercial CRM systems fail when used at a nonprofit for fundraising.\*

Reporting usually requires both a means for creating and modifying custom reports, as well as being able to filter or query the data pulled for the report. Keep in mind the key aspects of these functions is to make sure they are easy enough for your fundraisers and executives to use. Otherwise, your entire operation is at the mercy of a single point person, and that role usually has a high turnover rate within most organizations.

Now that fundraising success is much more tied to relationship-building versus direct mail or special events for most organizations, the above five elements should serve you well in your quest to choose the tool best suited for actually raising funds.

## 2. HIT YOUR GOALS WITH NONPROFIT CRM

CRM is at the top of the list of any marketing team's most relied upon tools. However, depending upon the industry or sector you work in, the "C" in CRM can mean different things. Some people immediately fill in the blanks to define it as "customer relationship management" while others opt for "constituent relationship management." The key objectives for both overlap almost entirely.

Here are a few common key objectives of CRM systems, no matter what sector is implementing and using them:

- Enable capturing of all notes and communications between the employees and the prospects or customers/donors
- Facilitate the recording of all financial transactions
- Provide a complete "360-degree view" of the prospect or customer/donor
- Enable the proper timing of all follow-up activities
- Provide a "pipeline" of all future financial transactions
- Share this information among all employees and stakeholders
- Report on key metrics

Since these seven key objectives are almost always shared between the commercial and the nonprofit sector, you would think the usage levels would be nearly identical. Sadly, they are not

Occasionally, commercial CRM systems are offered for free or at a substantial discount to nonprofit organizations. For many nonprofits who have been through this experience, it is anything but free. One organization's chief executive commented that it was free like a new puppy.

Please keep in mind two key factors when considering a CRM system: 1) Who will provide ongoing support and at what cost? 2) Who will provide system updates and at what cost as needs and requirements change?

Employees who interact with customers in the for-profit world would struggle to perform their job successfully without being plugged into their company's central CRM system. They probably would complain to management too. That's why that model is widely the case for most companies.

However, it's a different story in the nonprofit sector. Typically, the usage of nonprofit CRM systems is relegated to administrative staff only. This keeps the full power of the CRM from being unleashed.

The key fundraisers and executives who interact personally with prospects and donors seldom use such a system to capture valuable notes, thoughts, and personal communications.

After years of performing thousands of in-depth “needs analyses” in the nonprofit sector, my sales and customer support teams have been able to produce numerous reasons why the database system is not widely and regularly used by nonprofit organizations. They include the following:

- Usage was not mandated by the board or top management
- The system required a large amount of training
- The system was not deemed user-friendly
- Fundraisers were often used to operating by gut feeling rather than key metrics
- Fundraisers never stopped using their old methods for information capture
- The system was not easily accessed out of the office
- Getting information out was so difficult people became scared to put it in
- Fundraisers did not view the system as an invaluable tool

How many of these excuses have you heard at your organization?

Perhaps your team can relate to some of those scenarios. If so, you may have a quick path to better fundraising results. By providing more extensive access to valuable donor data, you can improve the way that all of your team members communicate to your constituents.

The modern-day versions of CRM tools are much more user-friendly — enabling even the least computer-savvy people to quickly learn how to access the donor data.

The days of systems so complex that they require five eight-hour days of initial training (laced with plenty of Red Bull) are over. Well, at least they should be. I do know of some organizations that are still using such older systems.

And yes, I know some of the leading vendors in this market who still are selling such complex systems requiring a week or more of initial training. But it's no longer necessary.

While the latest CRM systems are designed to be used by every employee of the charity that ever interacts with any constituent — with little or no training required, it's also important for your team to speak the same language. For instance, your team should clearly communicate what defines a “touch” when interacting with constituents. It can be defined as:

- Communication with a constituent
- Meeting with a constituent
- Transaction with a constituent

Such a definition brings nearly every staff member and key volunteers into using the valuable information in the CRM system and more importantly, adding to it. Unless you are being supported by and communicating with fewer than 25 constituents, such information needs to be properly kept in a CRM/database.

You should have the expectation that no one should be communicating with a donor, supporter or prospect without knowing the following:

- What communications have already been had with the person
- What was discussed in previous calls, events or other meetings
- What financial transactions have happened
- What their monies were supporting and what results were produced

Making the CRM/database come to life rather than being held hostage by the system administrator requires constant attention and use by everyone on your team. It must become a tool none of the staff could go a day without — not a tool everyone complains about.



### 3. DISMANTLE THESE FUNDRAISING SOFTWARE MYTHS

Far too often, the process of finding new horizons is riddled with long-standing myths or assumptions that can block the path to real fundraising success. Don't let the following myths derail your efforts.

**1. There's no need for all the staff to have access to our new fundraising system.** This is a myth which has been around since the early '80s, propagated by most vendors and older systems due to two main reasons: Older systems were difficult and often required a week or longer of dedicated classroom training to use, and most vendors price systems based upon the number of users. If any person on your team, especially your senior management, has any interactions at all with a prospective donor or existing one, those interactions and valuable notes that must be captured or your organization is at a disadvantage.

**2. Given the choice, it is better to buy software from a local vendor.** This used to be true in the days of onsite implementations and weeks of training. Now only a handful of vendors still require a full week or more of training and even that can be done remotely via videos, if you can bear to watch 25 hours or more. Most new systems are implemented via web technology and only require screen sharing or viewing a few short videos. Fundraising software can be just as easy to start using, especially systems designed for the low to middle portion of the market where complicated functionality is not required.

**3. We need to wait for new software until our current system is no longer working.** When systems require large upfront capital expenditures, nearly every nonprofit organization puts off changing or upgrading for as long as possible. Now with pay-as-you-go pricing, it's easy to spread the investment required for improved systems over the full life of the system. No longer do you have to deprive your team and your donors of the benefits and vastly improved ease of use. In fact, in many cases, the new system's entire ongoing cost may not be much different than those ever increasing maintenance fees on your current system.

**4. We do not need to research and verify how integrations with other systems will work.** Whether you are a startup nonprofit with a desire to integrate to an entry-level accounting system, an email system or your website, or you are a large charity with sophisticated integration needs, this factor is vital. In the past, most systems were not designed to share information in real time. Consider any system with a proven set of integration APIs (Application Programming Interface). These APIs should be well documented, part of normal day to day support and free of charge.

## **5. We can worry about interfacing to our website later.**

Nothing could be further from the truth. A fluid interface and real-time movement between your website and fundraising database/email system is essential. If they are not connected, you will have a nearly impossible time connecting with the entire next two to three generations of supporters.

**Special hint:** Being able to easily track and note visits to your website by prospects and donors is now a key touchpoint to track.

## **6. There's no need to verify how our existing data will be transferred.**

This is the number one reason for botched implementations and unhappy users when new systems are brought in. Forcing the team to work with information riddled with errors is also why the board is often dismayed when the actual charges for moving the data far exceed the rough estimate provided by some vendors. Please make every vendor review and accurately quote what the cost and steps will be to move your data over. Pay close attention to the amount of consulting assistance offered in the data conversion. I have yet to see one where data consolidation and removal of some type is not required.

**7. If a vendor is giving away free use of its system, it is too good to pass up.** All you need to do is check around with other NPOs to see how false this myth is. Such free offers are usually for systems designed to work for the commercial sector, not the charity sector. When you dig deeper you will often find upfront consulting and customization fees, which dwarf the old upfront purchase price for fundraising software. Ask about surcharges for such items as data storage and credit card processing.

**8. There is no need to determine what each member of our team will use to perform 90% of their daily tasks.**

This one is huge and ties in closely with our #10 reason below. Only if you know what is essential for each person in order to better perform the vast majority of their daily responsibilities can you ensure the system provides it. You can also compare which system performs those tasks the best with the least amount of steps. If this is not done, your team will often wander off chasing whatever shiny object some vendors will inevitably showcase.

**9. The new system should look and act like our old system.** I have run customer focus groups for multiple companies regarding new products and features. Typically such groups never look outside the box. Now I know why Apple never uses such focus groups as they radically innovate for so many of us. More times than not, large improvements cannot be made in a new system without looking and acting almost entirely different from the old incumbent system. Such changes will be resisted by all, but the most forward-thinking team members.

**10. The system with the most features and functions is the best one to buy.** Consider this the *biggest warning* in this list. I've been involved with more than 20,000 fundraising software-buying processes. At least 20% to 30% of the time, I witness someone from the nonprofit trying to list all the features offered by each vendor in a spreadsheet. In most cases there is no reference to essential tasks being performed at least 90% of the time by staff (See #8). This results in trying to implement an overly complicated system that few will use daily!

## 4. ANALYZE YOUR DECISION-MAKING PROCESS

When selecting CRM software, more than likely you'll engage the usual suspects in the decision-making process — from your administrator to the fundraisers, executive director, and CEO. Most nonprofits rarely, if ever, utilize or even think about the role board members should have in selecting this key strategic tool. Such an important tool should never be an afterthought or merely a budget line item. Why?

Besides the selection of the CEO and the top fundraising professional at any nonprofit, no other item will have a bigger impact on funding your mission. The difference in results obtained by using a top-notch technology solution versus a second-rate one, or worse, falling back to spreadsheets or an entry-level accounting program is night and day.

Remember the benefits of the right donor software: It can turn a former record-keeping application into a powerful communications and relationship-building tool. Your donor engagement and retention can be moved to higher levels, thereby significantly improving fundraising results.

Achieving the best CRM results requires the involvement of your board in ways you may not have considered. Here are four possibilities:

**1. Your board must know a problem exists.** Unless your board realizes the impact a full constituent relationship management (CRM) system can have in your revenue generation results, they will never see it as any more than a budget expense item. This can lead to dreadful decisions such as trying to keep that expense item as low as possible.

Often it takes the collective wisdom and experience of the board members to achieve the point of view that a proper tool is required to step up to a whole new level of fundraising success. Many of them have seen the impact of similar strategic tools on other organizations they lead or are part of.

Such a new vision allows a donor software CRM system to be viewed as a must for revenue enhancement and a proper investment to be made rather than expense items to be monitored or reduced. Never underestimate the power of your board to bring strategic viewpoints to the surface. Most of them have implemented such strategic assets in other organizations. Their knowledge and experience can be of extraordinary help.

**2. One or more board members may have technical expertise.** Although this seems too obvious to mention, it's common that a technically talented member is ignored or underutilized. Please keep in mind it must be relevant technical expertise in order to be of the most value. Just because a board member understands electrical engineering or solar energy does not necessarily translate into genuine help in making a database decision.

The one exception may be the knowledge of how to construct a proper analysis of the needs required in the fundraising process. This needs analysis should include the insight of knowing to involve the entire team.

Knowing how to make an educated decision that is more than a random viewing of vendor demos can make the difference in success or failure. This technical expertise might also include the wisdom of knowing when to engage a third party consultant specializing in system evaluations.

**3. The best way to fund a budget exception may be a board member gift.** In most cases, this avenue of funding a budget exception for a game-changing fundraising tool is entirely overlooked. This option is several steps closer to fruition if you involve one or more board members in the process from the start. Even if they are not technical experts, they will add value.



During their involvement within a methodical process, they will understand the following:

- The fundraising-related problems you are trying to solve
- The changes required to take advantage of a new tool
- The impact such a new tool can have
- The investment required to achieve the desired impact

If your board members are thoroughly convinced of the need, one or more may decide to personally fund the entire project. That's quite possible, if they're convinced of the merits from the start. Such funding can literally change the course of your organization and lead it to huge successes.

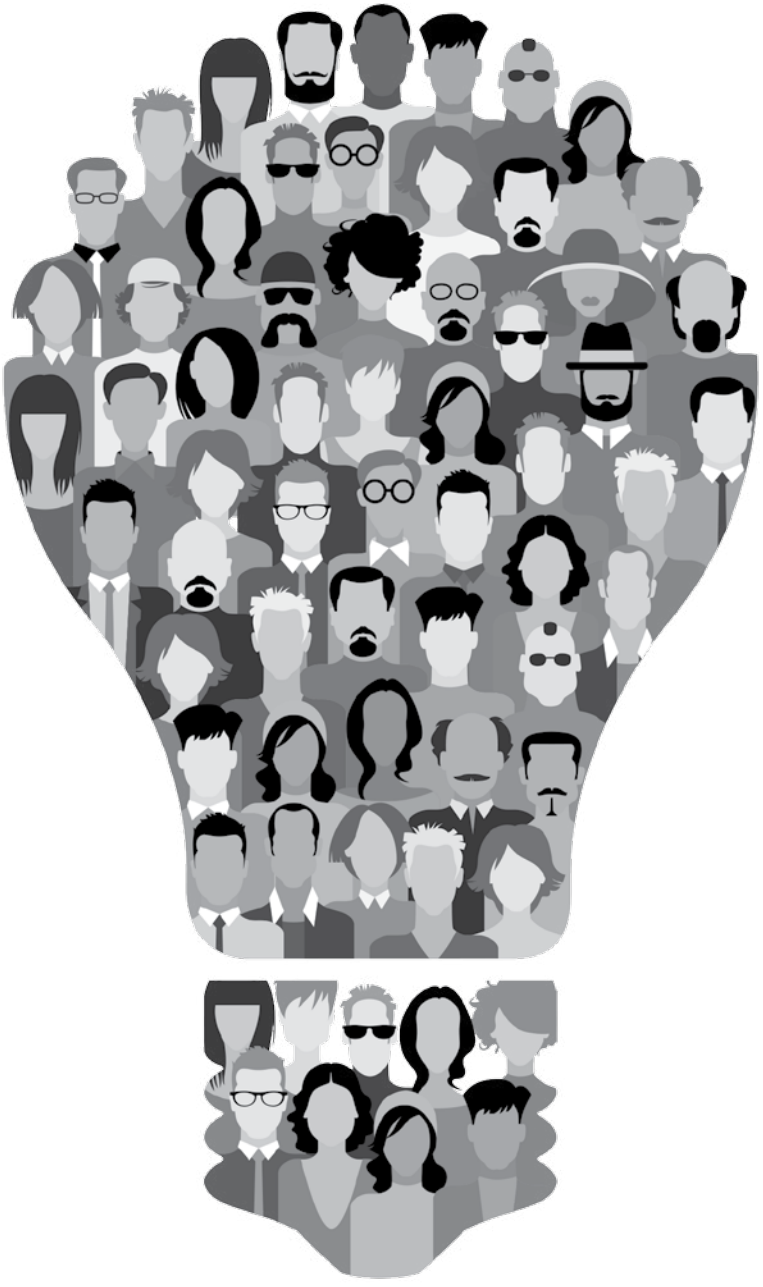
**4. Knowledge leads to involvement in relationship-building.** Many of the reasons for a new donor software system or CRM are centered on improving constituent relationships. Many benefits of donor engagement and donor retention flow directly from improved relationship-building. Every board member involved will understand this correlation and will more than likely internalize it. Those board members can then become voracious recruiters.

These four areas can make a huge difference in this strategic endeavor for your organization. Whenever you have better communications and understanding, the undertaking of a major project is destined for greater results.

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If your board members are thoroughly convinced of the need, one or more may decide to step up and personally fund the entire project. That's quite possible, if they're convinced of the merits from the start. Such funding activities can literally change the course of your organization and lead to to huge successes.



# PART EIGHT TAP INTO YOUR GREATEST ASSET

*“Make sure the board assesses and uses relevant information for deliberation and decision-making.” — Simone Joyaux*





# 1. POWER UP YOUR DONOR DATABASE

In the nonprofit world, most registered charities derive the majority of their funding from donors who are individuals, businesses or foundations. Among them are those who treat their donor database system as critical to their success.

Unfortunately, a large number of nonprofits treat their donor database as an afterthought or do not have a donor database system at all. You may be among them. Do any of these excuses sound familiar?

- We don't know what a donor database can really do
- We don't have the manpower to manage it
- We're hesitant to invest a portion of our budget
- We don't know how it enables effective fundraising
- We don't get a lot of funds from individual donors

This lack of understanding and focus on a donor database results in more lost revenue every year due to the changing mindset of most donors. The days of the annual appeal being similar to a never ending ATM are rapidly coming to an end.

Once again, relationships with your donors are critical considerations when utilizing your donor database. The data you gather will provide you the tools to form those critical communications and, as a result, relationships, with your donors. The donor database is your tool for bringing it all together seamlessly.

Your donor database is  
the evolution of the Rolodex™.



Before the days of smartphones, a well-stocked Rolodex™ was invaluable. Why was that the case? Those handy file devices contained the names, addresses, phone numbers, and personal tidbits of information about hundreds, if not thousands of customers, prospects, investors and/or influencers. Every owner of a jam-packed Rolodex™ used it daily.

**This daily usage included these two key actions:**

- The personal information on each card was added to or updated
- New cards or contacts were added and irrelevant ones removed

Why are these previously-astute owners of nonprofit filing systems so often perplexed by the equally valuable donor database? Simply stated, most databases are not easy or intuitive enough for former Rolodex™ owners to use.



Think how valuable the donor database can be if people could use them as well or better than they did the Rolodex™. They could be even more effective. You see, the Rolodex™ could not facilitate communications with or remind you of next steps with or record information that is important to donors. Modern day donor databases can do exactly that, especially if they're effectively maintained. Unfortunately, that's not always the case if you're not properly maintaining your donor database.

Your team can inadvertently make data conversions unpleasant experiences. When data is imported properly during a conversion, the database tool can be effectively used by everyone. When it is not, everyone is in for just the opposite: an unusable database.

By tackling the problems with your database, you can set the foundation for successfully using it to nurture relationships with your donors. Compare it to your workspace. The tidier and more organized it is, the more efficient you'll be. If a mess accumulates, a useful workspace or set of tools becomes hard to use.

We see this happen often within donor databases and nonprofit CRMs. It is never on purpose and tends to happen in spurts over time. A clutter-free and efficient migration of data into your new database is a great start, but all of that hard work will be for naught if it is not kept intact going forward.

The following are three common reasons why data in a donor database can go bad.

### **1. Lack of basic policies and procedures.**

Without guidelines in place, software usage can quickly veer off course. Technology vendors or fundraising consultants should be able to help create basic policies and procedures for maintaining a donor database. It can be as simple as a page or two, and might include guidelines such as:

- Only allowing drop-down field options versus user fill-ins
- Designating why and who can add new fields and field options
- Only adding fields when it has been proven there is no other manner to obtain the data or report needed
- How to properly mark “unsubscribes” and “do not mails”
- How and when communications from the system will be handled
- How to add notes from prospect and donor conversations
- How filters and queries are added and removed
- What reports are required
- Identifying if data comes in directly from the website
- How often are addresses, phone numbers, and emails cleaned

Deviating from any of the above items can throw your data off. Luckily, all of them are easy to mitigate if performed properly from the beginning. If the organization’s executives use the system, the continued usage of basic policies and procedures seems to be better maintained.

## **2. Lack of use.**

Sporadic or infrequent use leads to the formation of bad habits. Like anything in life, if you only do it once in a great while, proficiency wanes. Take, for example, the issue of interactions. Recording thorough notes for each constituent interaction, online and offline, is absolutely critical, especially when it comes to major gifts and legacy giving.

If someone in your organization has an in-person conversation with a potential donor, highlights of the dialogue must be captured in the donor database. Email exchanges should be noted in their entirety.

All too often, what happens is these notes don't make it into the database. Instead, they're scribbled on a notepad or saved electronically elsewhere. Having this valuable information stored in one location ensures that multiple fundraisers in your organization can access them when needed.

### **3. Lack of staff training.**

One of the single greatest causes of data corruption is a lack of training. When the person responsible for maintaining the donor database leaves that position and a new person steps in, changes in how data is entered and administered can occur, often resulting in a virtually unusable system.

This issue is further exacerbated if no policies and procedures are in place. It can be almost impossible to untangle certain usage styles and quirks. The supposed budget dollars saved in training costs are often erased many times over if a major donor is upset or ignored.

**Special Hint:** Think about what you want out of your system such as alerts, dashboards, and reports before you migrate your data or input anything new.

## 2. THE DIFFERENCE CLEAN DATA MAKES

Now for the good news: Cleaning and consolidating the data allows a fresh new start to happen. It requires pruning, reviewing processes, and, more than likely, getting the assistance of professionals to point you in the right direction.

If you haven't been maintaining records properly — or holding onto an excessive amount of records, it's likely your donor retention rate is below 40%. Why? Your tools for developing strong relationships with your donors are being compromised by a less than ideal donor database situation.

When conducting an in-depth analysis of a client's need, we typically ask a few key questions:

1. What is the number of accounts in your database?
2. How many of them have been donors in the last three years?
3. How many non-donors were added in the last year?
4. Why keep the large number of non-donors added more than 24 months ago?

We hear all sorts of answers to the last question. It's as if the majority of fundraisers consider a large database of non-donors some sort of security blanket.

As a general rule, accounts can be divided into three categories: those that provide 0% of the funding; those that provide 10% of the funding; and accounts that provide 90% of the funding.

You would think that every fundraiser would apply the most attention to the third group, especially since in most cases it is the smallest of the three groups. However, traditions die hard in the fundraising sector. Fundraisers, in general, are eternal optimists.

By remaining focused on a large segment of your donor database that may be producing little if no results, nonprofit organizations risk neglecting the group that is so vital to them: the accounts who provide 90% of the funding. In addition, they spend valuable budget dollars and untold effort trying to contact the accounts that have proven multiple times they are not interested.

As you undertake your cleaning and purging process, make sure you connect with a software partner that's willing to make the proper modifications and adjustments to your data. Their insights could provide the guidance you need to set up an effective new system. Otherwise, without those adjustments, you could risk wasting the funds you're investing in a new database system.

Consider this an essential step if you're experiencing issues with your donor database, including the need to purge. Only from meaningful discussions can any conversion team truly understand the path your previous data has taken and how it can make that data work best in the future. When you compare the investment for the conversion with the lifetime investment for the database to be used properly, it is a definite value.

## **LIKELY EXCUSES FOR NOT CLEANING YOUR DONOR DATABASE**

“They might become donors if we keep contacting them.”

“We worked hard to obtain those extra names!”

“They attended an event ... sometime in the past.”



### 3. TURN DONOR DATA INTO ACTIONABLE DATA

Actionable is one of those terms that can have different definitions, all depending upon context and priorities. Since the focus is on making your nonprofit CRM systems come to life, it's important to keep your focus on the need to leverage actionable data that leads to higher levels of fundraising success.

As stated previously, your CRM system must be “usable” by everyone on your staff for significant action to take place. And as you know by now, that action must be defined as building long-lasting relationships with your donors; the type of donors that will stay with you to support your nonprofit's mission.

Whether you are a small, medium or large charity, all members of your senior management team, as well as most of the rest of the team, need to be equipped to have great communications with your constituents. That means knowing who they are. And, of course, that's where a great CRM system delivers — but only if your team is taking action by using it daily, if not by the hour.

A culture of such usage must permeate the organization. If the interactions and the communications being driven and executed by senior management are not properly recorded, so much is lost. Therefore, any CRM must be designed to be used by these staff members. During implementation, special personalized training on why and

how senior management can easily use the system is a must. If done properly, the effect on your fundraising will be so positive, you will wonder how you ever operated differently before the lifetime investment for the database to be used properly, it is a definite value.

Your CRM/database must become the hub of actions for your entire organization. When you combine the automatically-triggered activities with the daily usage of your team, your organization is elevating those fundraising results even higher.

**Special Hint:** Compare your CRM/data plan with your fundraising plan. Make sure they overlap and mesh together as seamlessly as possible.

## RE-CONNECT WITH YOUR MISSION FOR DONOR RETENTION

With your entire team focused on developing a strategy that allows you to better connect with your donors, along with a highly functioning database, you're well on your way to encouraging long-term relationships with your donors. And those type of relationships will help you build a higher donor retention rate that makes fundraising more effective with less effort.

But after developing your strategy for connecting with your donors and putting it into action, it's essential that you stay emotionally connected to your mission.

This final step can't be underestimated. How passionate are you about sharing the story of what you do? What about the personal stories of the beneficiaries of your mission? Most donors give because they're passionate about your mission.

Kindle that passion for your mission within yourself, and you'll find the ability to share compelling stories effortless.

*"No one ever became poor  
by giving."*— Anne Frank

## **ADDITIONAL RESOURCES**

### **THE DONOR BILL OF RIGHTS**

Always give donors a good reason to trust you. It's critical. Take another look at these 10 DONOR BILL OF RIGHTS every donor should be guaranteed when giving to a non-profit organization. Stay committed to ensuring these donor rights.

**I.** To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

**II.** To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

**III.** To have access to the organization's most recent financial statements.

**IV.** To be assured their gifts will be used for the purposes for which they were given.

**V.** To receive appropriate acknowledgment and recognition.

**VI.** To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.

**VII.** To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

**VIII.** To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

**IX.** To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

**X.** To feel free to ask questions when making a donation and to receive prompt, truthful, and forthright answers.

*— Created by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and the Giving Institute.*

## RECOMMENDED READING

The following publications also will give you great insights about donor retention. Keep them on your bookshelf for future reference.

*Building Donor Loyalty*

by Dr. Adrian Sargeant

*Fundraising: Evaluating and Managing the Fund Development Process*

by Jim Greenfield

*Keep Your Donors*

by Tom Ahern and Simone Joyaux

*Major Gift Fundraising for Small Shops*

by Amy Eisenstein

*The Nonprofit Marketing Guide*

by Kivi Leroux Miller

*Relationship Fundraising*

by Ken Burnett

*Retention Fundraising: The New Art and Science of Keeping Your Donors for Life*

by Roger Craver

## ABOUT THE AUTHOR

**Jay B. Love** is the CEO and Co-Founder of ***Bloomerang***.

The organization serves the non-profit sector only with cutting-edge technology tools built upon best practices for fundraising and communications. He has served this sector for 34 years and is considered the most well known senior statesman whose advice is sought constantly.

Prior to Bloomerang, he was the CEO and Co-Founder of ***eTapestry*** for 11 years. Jay and his team grew the company to more than 10,000 non-profit clients charting a decade of record growth.

Prior to starting eTapestry, Jay served 14 years as Vice-President of Sales then President and CEO of ***Master Software Corporation***. MSC provided a widely used family of database products for the non-profit sector called **Fund-Master**.

## **ABOUT THE AUTHOR (CONT.)**

Love is a graduate of Butler University with a B.S. in Business Administration. Over the years he has given more than 2,500 speeches around the world for the charity sector and is often the voice of new technology for fundraisers.

He is current Member of the AFP Ethics Committee and former member of the AFP International Board. He was the Founding Chairman of NPower Indiana, Founding Member of Tech Point Foundation ,and Founding Member of the AFP Business Member Council. He is a former board member of The Lilly School of Philanthropy at IU and Gleaners Food Bank. Jay currently serves on the board of Conner Prairie Interactive History Park, The Butler University Innovation Fund, The United Methodist Foundation of Indiana, and The Fundraising Effectiveness Project.





Jay Love and his wife, Christie, the former Executive Director of the Lawrence Township Schools Foundation, served as Co-Chairs for the Indianapolis Fort Harrison YMCA 2011 Capital Campaign and are the proud parents of three children as well as six grandchildren.



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