

# DEAR, NEAR



How improving your organization's **donor relations** can help you provide more resources to more constituents more effectively and more often

BY PAUL LAGASSE

Simon Dattensby/Getty Images

# AND CLEAR



**F**undraisers know that it is important to build and maintain strong relationships with donors to ensure their long-term loyalty. However, do they always practice what they preach? According to *The 2008 Study of High-Net-Worth Philanthropy: Issues Driving Charitable Activities Among Affluent Households*, a study sponsored by Bank of America of wealthy donors who stopped giving to one or more charities in 2007, the No. 1 reason—expressed by nearly three in five respondents—was that they “no longer felt personally connected” to the organization. It’s an eye-opening statistic. How do you make your organization’s relationships with donors more meaningful while at the same time avoiding donor fatigue and enhancing stewardship?

Penelope Burk, author of *Donor-Centered Fundraising* (Cygnus Applied Research, 2003) and the forthcoming *Donor-Centered Leadership* (Cygnus Applied Research, 2011), defines donor relations as “the art of cultivating interactive relationships with donors for the purpose of influencing donor retention, raising gift values and increasing the pace at which donors maximize their giving” (“The Planned Obsolescence of Donor Relations,” *Contributions Magazine*, June 2006). Meaningful relationships, Burk writes, encourage donors to go beyond expected gifts and to demonstrate their real capacity. However, in her research, Burk found that a whopping 84 percent of donors said they are not receiving the kinds of information—prompt acknowledgments of gifts,

reports on how their gifts have been used, etc.—that would encourage them to give more (“Donor Communication and Recognition: A Right or a Reward?” *Canadian Fundraiser*, March 28, 2001). So what is it that donors want out of their relationships with the nonprofits they support? Equally important, what don’t they want from them?

### What Donors Want

“Donors don’t want just another plaque or another paperweight,” explains Janet L. Hedrick, CFRE, most recently a managing associate at the nonprofit consulting firm Bentz Whaley Flessner ([www.bwf.com](http://www.bwf.com)) and author of *Effective Donor Relations* (AFP/Wiley Fund Development Series). “It’s not about what we give them. At the end of the day, what donors want is a meaningful experience.”

The acknowledgement of a gift should not be thought of as the point where a relationship with the donor ends, she says. Rather, that is really where the relationship begins.

Hedrick has taken a popular private-sector marketing strategy called “customer touch point management,” developed by Hank Brigham in 2004, and adapted it for use by nonprofits to establish and maintain meaningful relations with donors. Hedrick’s “donor touch point management” (DTM) approach seeks to broaden the donor’s experience of an organization beyond the solicitation by establishing a series of informative interactions that boosts donor loyalty, interest, and commitment. Touch points are gestures that donors value—actions such as receiving personalized thank-you letters, seeing their name on a recognition list, reading about how their gift has been put to good use and being invited to meet with the organization’s leadership—because they make the donor feel understood, valued and remembered. Hedrick recommends that donor relations professionals develop a schedule for interactions with donors at all giving levels and stick to it (see Fig. 1).

At the same time, be careful not to make mistakes that will alienate donors. While effective donor relations management can make donors feel as though they have a personal connection to your organization, careless mistakes can leave them feeling insulted and even offended. “For every one person who calls to complain,” Hedrick warns, “there are five or 10 who are mad who didn’t.” Common mistakes include:

- Misspelling the donor’s name
- Sending the same letter more than once
- Communicating only via solicitations
- Making impersonal or perfunctory acknowledgments
- Not saying “hello” at events
- Not responding promptly to inquiries
- Not taking special requests seriously

Hedrick tells her clients that, by paying attention to the quality of their donor interactions, their odds of cultivating donors who are loyal and upgradable will increase dramatically. “I always say that giving is like dipping your toe in

the water,” she explains. “If donors think it’s too cold, they won’t want to put their whole foot in.”

Therefore, you want to make sure the waters are warm, indeed.

### Good Relationships, Great Results

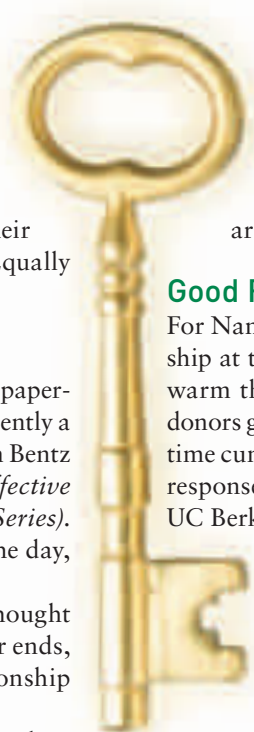
For Nancy Lubich McKinney, director of donor stewardship at the University of California, Berkeley, the way to warm the waters has been to look at the different ways donors give—individual gift transactions, annual and lifetime cumulative gifts, deferred gifts, etc.—and establish a response for each. McKinney instituted this approach at UC Berkeley when she joined the development staff from

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the banking sector six years ago. “When I came in 2004 and started building a stewardship plan, we put a philosophical stake in the ground and said there’s no such thing as campaign-specific stewardship. We wanted, rather, to build programs that would endure beyond the end of the campaign and focus on donor, not gift, stewardship,” she says. “It’s more important to focus on the fact that each donor is unique. That far outweighs any broad brush you can paint your constituency with.”

To implement that philosophy, McKinney and her staff had to find a balance between communications that could be automated and yet still personalized, and those that would need to be “high touch.” To illustrate, by outsourcing to a vendor, they can now insert facts and figures that are unique to a fund or gift, thereby mass-customizing reports mailed to donors without having to perform time-intensive mail merges and printing in-house. “On the flip side, gift-acknowledgment letters from the chancellor to major donors are very high-touch,” McKinney notes. “We start with a clean sheet of paper for each gift.”

Thanks in part to this strategic approach, the donor relations effort managed by UC Berkeley’s central development office has grown from a handful of activities to more than 20 acknowledgement, recognition, and reporting programs and has enabled McKinney and her staff of four to initiate more than 51,000 donor touches in the 2009–2010 fiscal year. “Fundraising itself has become much more sophisticated, and along with that comes specialization,” she says. At UC Berkeley, for example, the staff is large enough that McKinney has the luxury of concentrating on the chancellor’s stewardship of the campus’s most generous donors and providing a foundational level of stewardship for the campus’s entire donor base because events and gift administration, often associated



with the donor relations effort, are the responsibility of other areas of the organization.

As president of the Association of Donor Relations Professionals (ADRP, [www.adrp.net](http://www.adrp.net)), McKinney understands how donor stewardship has changed in recent years. “I think the work has shifted from being mostly tactical to being more strategic and forward-looking,” she says. Gradually, fundraisers are thinking of donor relations less as a back-office function and more as an essential component of a sound development strategy. One outcome of this is that practitioners are developing significant expertise and the field is becoming increasingly competitive. Even so, McKinney points out, continued emphasis on donor acquisition at the expense of retention and the difficulty of establishing useful metrics—“How do you quantify 50,000 touches?” she asks rhetorically—make it difficult for stakeholders to envision the payoff that will result from a long, slow stewardship process. However, as the Bank of America study shows, even if nonprofit leaders do not fully appreciate the importance of the personal touch, the donors most certainly do.

One way to maintain the personal touch with donors is to invite them to see for themselves what the nonprofit does. For example, Hull Child and Family Services ([www.hullservices.ca](http://www.hullservices.ca)), a children’s services organization in Calgary, Alberta, offers tours of the classrooms, workshops and residential treatment programs on its 29-acre campus to show donors how their support helps more than 3,000 developmentally delayed and at-risk children and their families. Bethany Wall,

major gifts specialist at Hull, says that showing donors the kinds of projects their funds support also serves as a form of recognition. “Seeing the success that they’ve helped create is its own reinforcement,” she explains.

Wall cautions, however, that it is unrealistic to expect that a two-hour tour will enable donors to fully understand the complexities of an organization’s mission or that it will be a life-changing experience for them. “We have some very clinical, technical programs, and it’s easy to get lost in the language,” she says. “A reaction of, ‘Wow, that’s interesting!’ is fine because our goal is to share the story.”

Nevertheless, while tours may not be life-altering, they can be quite grounding for donors. “Often people come up to us afterward and tell us, ‘I knew that kids like this existed, but I didn’t know what they looked like,’” Wall explains. “They say, ‘They look like ordinary 7- or 8-year-olds. In fact, they look like my kids.’”

Becoming a stakeholder is a great way for a donor to develop a passionate commitment to the organization’s mission. When the New Hanover Regional Medical Center Foundation Inc. ([www.nhrmcfoundation.org](http://www.nhrmcfoundation.org)) decided to launch its capital campaign to raise \$7 million for a new surgical pavilion and women’s and children’s hospital in Wilmington, N.C., it brought in Aline F. Lasseter, CFRE, to build a campaign team. “I found a typical scenario,” she recalls. “The board originally had been recruited to oversee a golf tournament.” Lasseter immediately set about revamping the board’s culture to suit the campaign’s ambitious goal and timeline.

|                 | 2013 (year)     | 2014 (year)     | 2015 (year)     | 2016 (year)     | 2017 (year)     |
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Develop a schedule for interacting with donors several times a year with information that is of interest to them. Source: Janet L. Hedrick, CFRE.



The tough economic climate means that prospects can expect to hear from nonprofits much more than they used to.



During the campaign period 2007 through 2009, board positions were not filled and through attrition and voluntary resignations, by the time the “Our Health, Our Hospital, Our Future” campaign wrapped up in September 2008—just as the economy was entering free fall—the foundation’s board had become a small, tightly knit, proactive campaign cabinet. During the campaign, community leaders were identified and ultimately recruited to fill the ranks; all gave five- or six-figure leadership gifts and actively prospected donors. “They were not going to tolerate sitting around and talking about [golf] hole sponsorships,” Lasseter says.

By the time the campaign wrapped up in early 2009, it had raised more than \$8.4 million—\$1.4 million over goal—with less than 0.01 percent default. Lasseter is convinced that stewardship was responsible for the success. “In tough times, when people were having trouble paying their mortgages, solicitations could have gone to the bottom of the pile,” she says. “Stewardship is what saved us.”

The tough economic climate means that prospects can expect to hear from nonprofits much more than they used to. Whether welcome or not, such increased attention risks causing “donor fatigue.” This is a problem that Brian O’Rourke, director of development and alumni affairs at Clemson University ([www.clemson.edu](http://www.clemson.edu)) in Clemson, S.C., works hard to avoid. “When our endowment decreased, we had to take a serious look at how we communicate to donors that Clemson is a good steward of

## Creating a Memorable Donor Experience

BY BRIDGET L. BRANDT

**D**onor experience directly links to the type of relationship you will have with donors. When organizations create a positive donor experience, those donors want to reciprocate the feelings of gratitude and loyalty. Without that give and take, organizations see donor fatigue. So, what can you do to enhance that bond and provide experiences that are “above and beyond?” Start by “going undercover” to make sure you have covered the basics.

1. Contact your organization by phone as a donor. Then evaluate if that experience is one that builds a relationship. If you are not satisfied with the conversation, work with your team to provide a welcome script that is consistent and repeatable. Provide your team with tools such as phone lists and frequently asked questions. Then ask that they end every call with both a thank-you and a mission-related statement.
2. Have a friend visit your organization in person. As with the phone conversation, evaluate the first impression of your organization. The old cliché still holds true: You get only one chance to make a first impression. Assess whether your team has enough knowledge about the organization to answer basic questions. Additionally, is the staff pleasant and genuinely happy to be there? Empowering your frontline team members to provide an exceptional experience and ensuring they have the tools they need will guarantee that your organization has the chance to create a lasting relationship with each individual.

### Online Relationships

Online fundraising gets a lot of attention, but it is not always as focused on the donor experience and relationship-building as it should be. Research done by the Fremont, Calif.-based Nielsen Norman Group found that:

- Only 43 percent of websites include a description of the nonprofit organization’s goals and objectives. Although you are familiar with your organization, review your website as though you have never heard of it, or have a friend help. Make sure your site clearly describes who you are and what your organization does.
- Only 4 percent of nonprofit websites state on their home page how they use donations. Supporters need to understand why they should give to you and, especially, why they should give to you repeatedly. Share what donations have done for your organization and how they have made an impact on the people you serve. Use visual tools, such as photos or graphs, to show how donors are making a difference.

their gifts,” he says. “How do you get donors to feel Clemson is important enough to keep on their list of what they give to?”

In developing relationships with Clemson’s 150,000 alumni without burning them out, O’Rourke tries to follow the advice of a long-time board member who once told him, “The role of a development officer is to be dear, near and clear.”

“You need to have a strong alumni relations program that is always informing, always involving and always engaging,” O’Rourke emphasizes. “Constituents need to get that feeling of a lifelong connection to their school.” To that end, Clemson recently began rolling out a strategic plan that names university-wide stewardship as one of the institution’s advancement division’s major priorities.

Communicating with donors to find out what their needs are and then meet them is also crucial, O’Rourke notes. For example, the alumni program is offering more career services to help graduates who have lost their jobs. “To be successful in this environment you need to be the best donor-centered organization you can be,” he says. “If you do that, you’ll keep them.”

### Stewarding Grant Makers

Nonprofits should remember to use their relationship savvy to cultivate grant makers as well as individual donors, says Jane C. Geever, founder and chairman of fundraising and management consulting firm J. C. Geever Inc. in New York City ([www.jcgeever.com](http://www.jcgeever.com)). Geever says that in more than 35

years in the profession she has seen enormous change in grant making—not just in the explosive increase in foundation and corporate giving, but also in the way these programs work with nonprofit applicants. “There’s an openness that didn’t exist years ago, and also a frustration that nonprofits don’t take the time to figure out how to approach them with priority projects,” Geever explains.

In her book *The Foundation Center’s Guide To Proposal Writing, 5th Edition* (The Foundation Center, 2007), Geever used extensive interviews with grant makers to discover not only what makes a winning proposal, but also how to best reach out to grant makers. She learned that grant makers dislike “fishing expeditions,” preferring instead to hear from grant seekers who have done their homework first. However, on average only about one in three applicants takes the time to ensure a program is a good match with grant makers’ missions before submitting an application. “Grant makers see themselves as investors in people and good ideas,” Geever says. “Why would they bother to respond to people who are just churning out applications? They like educated grant seekers because they want to give them an advantage.

“Grant makers complain that we don’t communicate enough. Every step builds the relationship,” Geever says. Stay in touch through mailings and phone calls—especially after a rejection. Keep them informed about your successes and challenges. Be sure to put them on your mailing list,

- On 17 percent of the sites, people were unable to find where they could make a donation. Numerous tools are available to provide users with the ability to give “in context” to the campaign, event or message. Nonprofits should really be leveraging these tools to increase online giving.

Global H2O ([www.globalh2o.org](http://www.globalh2o.org)) allows potential donors to support its cause through the purchase of a water well for a village or a T-shirt for themselves, all on the same online form. By doing this, Global H2O appeals to different goals for each donor and enables donors to easily give without leaving the organization’s website.

Consider how adding videos showing the well being drilled or a child drinking clean water could impact an organization’s online giving. “You can design your fundraising page to support your information needs, and it’s easy to understand what funds have been raised for what initiatives,” says James Wilde, Global H2O’s managing director and founder.

### Stick to the Basics

Bonnie Evans, fund development coordinator for Big Brothers Big Sisters of Calgary and Area in Calgary, Alberta ([www.bbbscalgary.com](http://www.bbbscalgary.com)), says, “The most important relationship-building principle continues to be simply saying ‘thank you’ promptly and personally. It’s also important to keep donors engaged with e-mails or letters that let them know the impact their donations are having. Schedule regular face-to-face meetings with major donors to let them know how their donations are supporting your organization’s mission and to keep them up-to-date on your current challenges and future plans.”

Staying in touch without asking for money is critical to making donors feel they are part of the process. Remembering the basics seems like the easiest part, but in your hectic schedule, it is important to ensure you optimize the basics at every opportunity. Providing positive donor experiences is not something that will happen overnight, but consistently doing so will lead to more success for your nonprofit by helping to guarantee that the relationships you work for today will be there tomorrow.

Start now by going undercover to examine your organization from top to bottom and with donor experience and building relationships in mind. Take a look at how people interact with you on the Web, on the phone and in person. Most importantly, make sure you have covered the basics and you, too, will find yourself providing experiences that are “above and beyond.”

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too. Geever adds that it helps to think of grant makers as individuals, so make your communications to them personal, not institutional. She also recommends these tips for building strong relationships with a grant maker:

- Be sure the foundation is actively seeking applications before submitting.
- Seek information about the foundation from other nonprofits you know.
- Scrutinize the foundation's website to get a feel for the culture.
- Review their IRS Form 990 filings for application guidelines.

Although foundation giving did not decline significantly in 2009, Geever predicts rocky times ahead. "Last year, foundations were still giving from past earnings," she explains. "We're now living off of what foundations didn't earn in 2009 and 2010." Nevertheless, nonprofits should not be discouraged by "not now" responses. "Right now, grant makers are saying the most important thing nonprofits can do is to stay in touch," Geever says. "That way, you're first in line when the money tap is turned on again."

### Be an Example

Research shows that donors and foundations are increasingly taking factors such as an organization's health, accountability and the quality of its leadership and stewardship practices into account when planning their philanthropy. The result, says Michelle L. Robertson, senior development director at Case Western Reserve University School of Medicine ([casemed.case.edu](http://casemed.case.edu)) in Cleveland, Ohio, is a "healthy competition" among nonprofits to be more responsive. As economic stress continues to slow annual giving, accountability and stewardship will become inextricably intertwined in the minds of donors and grant makers. "Donors really want to know exactly where their money is going," says Robertson, a co-founder of ADRP. "It's very easy to let go of an annual gift if you need to put it in your gas tank instead.

"As donors are becoming more and more interested in accountability and customization, and as organizations need to conduct campaigns to increase revenue, the demand for more and better stewardship is going to increase," she explains. "The connection must be made between the amount of effort devoted to increasing revenue and the amount of effort devoted to stewardship." Robertson would like to see nonprofits develop metrics that explicitly correlate donor touches with subsequent giving to better demonstrate return on investment and support long-range planning.

At the same time, Robertson warns that an organization's capacity for stewardship needs to stay ahead of the demand for it. "Donors will walk through your door holding what they received from another organization in their hand and ask, 'How come I'm not getting this from you?'" she says. "You want to be the example that donors have when they walk through the door." 📍

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## Resources

The books marked with an asterisk (\*) are available through the AFP Bookstore, [www.afpnet.org](http://www.afpnet.org).

*The 2008 Study of High-Net-Worth Philanthropy: Issues Driving Charitable Activities Among Affluent Households* sponsored by Bank of America and conducted by The Center on Philanthropy at Indiana University, March 2009

[www.plannedgivingstrategies.com/pdf/2008\\_Bank\\_of\\_America\\_Study\\_of\\_High\\_Net\\_Worth\\_Philanthropy%5B1%5D.pdf](http://www.plannedgivingstrategies.com/pdf/2008_Bank_of_America_Study_of_High_Net_Worth_Philanthropy%5B1%5D.pdf)

*After the Grant: The Nonprofit's Guide to Good Stewardship* (Fundraising Guides) by Judith B. Margolin, Elan K. DiMaio and Sum-in Lee (The Foundation Center, 2010), paperback, 205 pages

*Beyond Fundraising: New Strategies for Nonprofit Innovation and Investment, 2nd Edition* by Kay Sprinkel Grace (Wiley, 2005), hardcover, 264 pages\*

*Donation Usability: Design Guidelines for Improving the Donation Process and the Usability of Essential Information on Charity and Non-Profit Websites* by the Nielsen Norman Group

[www.nngroup.com/reports/donations](http://www.nngroup.com/reports/donations)

*Donor-Centered Fundraising* by Penelope Burk (Cygnus Applied Research, 2003), paperback, 226 pages\*

"Donor Communication and Recognition: A Right or a Reward?" *Canadian Fundraiser*, March 28, 2001

[www.cygresearch.com/publications/articles.php](http://www.cygresearch.com/publications/articles.php)

*Effective Donor Relations (AFP/Wiley Fund Development Series)* by Janet L. Hedrick, CFRE (Wiley, 2009), paperback, 246 pages\*

*The Foundation Center's Guide To Proposal Writing, 5th Edition* by Jane Geever (The Foundation Center, 2007), hardcover, 271 pages

*Generational Differences in Charitable Giving and in Motivations for Giving*, prepared for Campbell & Company and researched and written at The Center on Philanthropy at Indiana University, May 2008

[www.campbellcompany.com/articles.html](http://www.campbellcompany.com/articles.html)

*Nonprofit Stewardship: A Better Way to Lead Your Mission-Based Organization* by Peter C. Brinckerhoff (Fieldstone Alliance, 2004) paperback, 272 pages

"The Planned Obsolescence of Donor Relations," *Contributions Magazine*, June 2006

[www.cygresearch.com/publications/articles.php](http://www.cygresearch.com/publications/articles.php)

*Transforming Public and Nonprofit Organizations: Stewardship for Leading Change* by James Edwin Kee, J.D. MPA, and Kathryn E. Newcomer, Ph.D. (Management Concepts, 2008) paperback, 301 pages