AFP Association of Fundraising Professionals

# Advancing PHILANTHROPY

WINTER 2017

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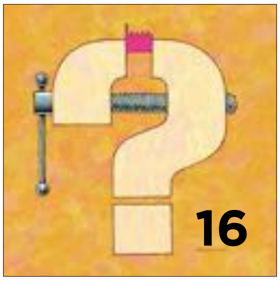

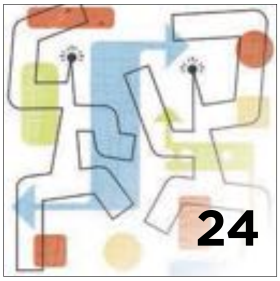

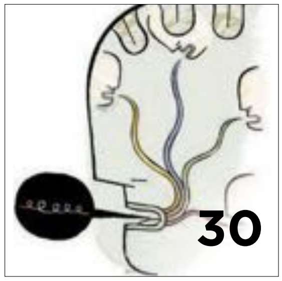


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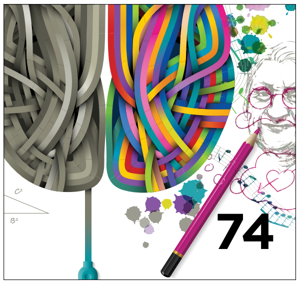





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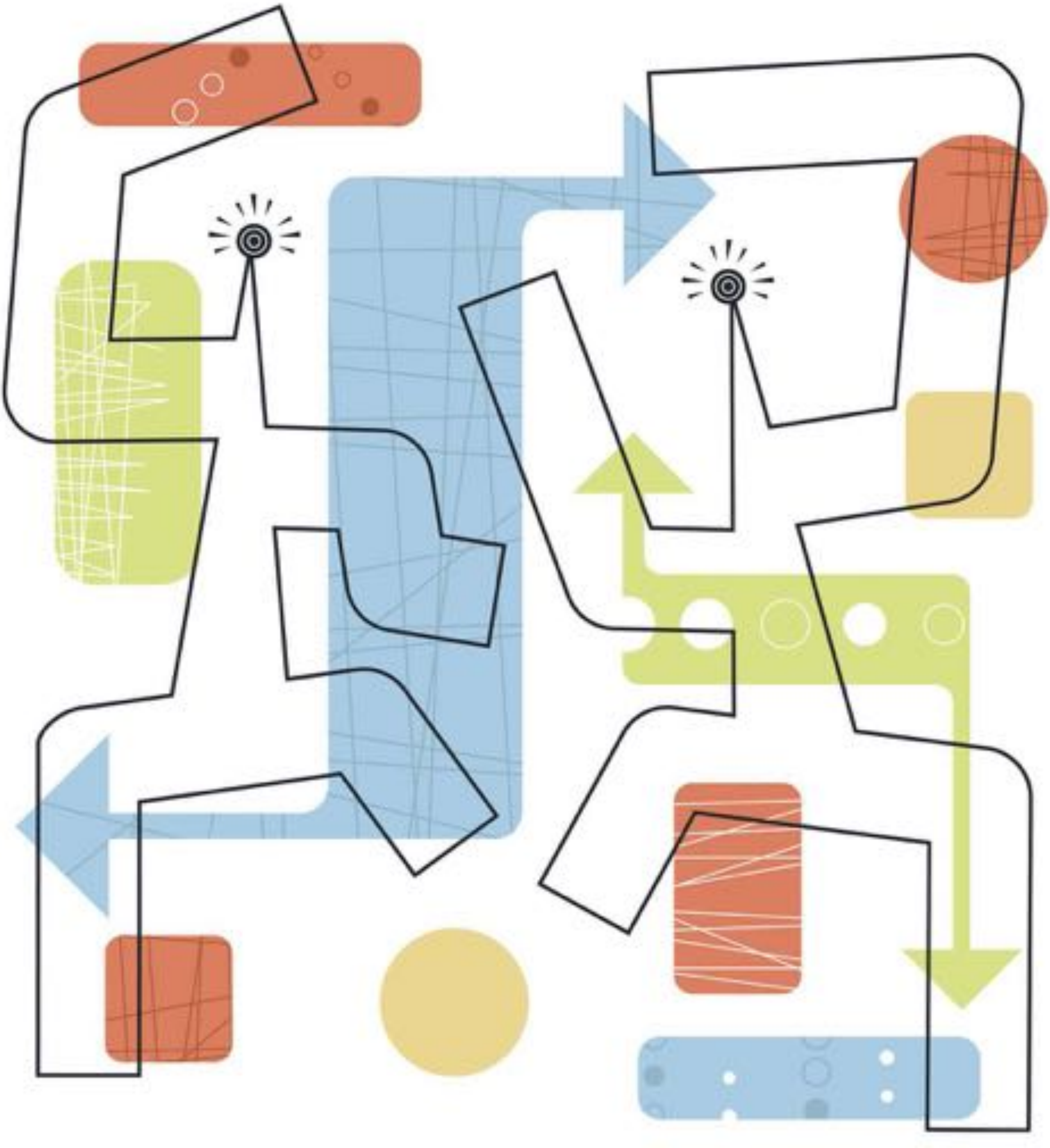
# Power



# TOOLS

## How monthly, peer-to-peer and face-to-face programs can be powerful tools in your fundraising tool kit

BY PAUL LAGASSE

It is an old saying, to be sure, but what fundraisers don't know can indeed hurt them. While they understand that a well-balanced revenue portfolio is a prerequisite for the financial health of their organization, many overlook three proven fundraising methods—monthly giving, peer-to-peer giving and face-to-face giving—because of misunderstandings about what they are best used for and how to manage them successfully. All three are effective ways of asking, but is your organization ready to benefit from them?

## Monthly Giving

### *1. What monthly giving is*

As the name implies, it is the act of donating a fixed amount of money to a nonprofit, either automatically through direct debit or electronic funds transfer, by credit card or by check. Not only does monthly giving increase retention rates and the average gift size, but it also helps reduce revenue volatility and improve long-term planning. Research has found that the annual value of a monthly donor can be significantly greater than that of single-gift donors, and many monthly donors will give for 20 years or more.

### *2. What monthly giving is not*

Despite the recurring nature of the gifts, a monthly program is not time-consuming to maintain, says Rosemary Oliver, fundraising director at Amnesty International Canada (**www.amnesty.ca**) in Toronto. "It doesn't take a lot of additional resources," she explains. "Just a little time up front to strategize." If your nonprofit is able to process credit card gifts, you already have everything you need to handle monthly gifts. The process is automatic, requiring only occasional attention, such as when a donor's credit card expires.

To find what works best for your organization, Oliver recommends testing the waters with a few hundred monthly, small-gift donors to build confidence. "Your organization may need to learn to walk before it runs," she says. "That's fine. It's about finding your own level of efficiency."

Oliver points to her organization's success with monthly giving as an indicator of what can be done when starting from a humble beginning. Twenty years ago, Amnesty International Canada had a modest monthly giving program with 7,000 donors that generated less than $1 million. Today, more than 35,000 monthly donors give $8.8 million a year in monthly gifts ranging from $1 to $1,000, which accounts for 65 percent of its annual revenue. Furthermore, up to three-quarters of Amnesty International Canada's legacy gifts come from monthly donors. "As you can see, it is worth taking the time to steward those $10-a-month donors," Oliver says. "They really add up in the long run."

CAMPBELL LAIRD/ILLUSTRATION SOURCE

### 3. What monthly giving does best

As Oliver's experience suggests, a monthly giving program is an effective tool for identifying your most loyal donors for further stewardship. "People who give monthly really care about your mission deeply," says Gail Perry, CFRE, founder of Fired-Up Fundraising (**www.firedupfundraising.com**) in Raleigh, N.C. "They're often prime major-gift prospects." She recommends strengthening donor loyalty by recognizing them with thank-you calls and letters and singling them out in newsletters and on your website. Establishing a monthly giving club is an effective way to motivate board giving as well, Perry notes. Even so, it takes time to build a cadre of loyal monthly donors. "Organizations often lose heart because of the initial results," she explains. "But if you keep promoting, it will gradually build. You need to make a long-term commitment."

### 4. How to succeed with your monthly giving program

According to Harvey McKinnon, president of Harvey McKinnon Associates (**www.harveymckinnon.com**) in Vancouver, British Columbia, the single largest obstacle to a successful monthly giving program is buy-in. Because it is a long-term strategy, a monthly giving program does not always compare favorably with fundraising methods that provide more immediate revenue, such as direct mail and online giving. A successful monthly giving program requires leadership and staff to take the long view, nurturing and growing the program slowly but steadily.

"Assess how much you're willing to risk in terms of money and organizational commitment," McKinnon advises. "Look at how many donors you have and what the likelihood is of converting them to monthly donors."

Successful conversion requires a balanced suite of revenue channels that identify prospective monthly donors and feed them into the monthly giving program. (The two exceptions to this are direct recruitment of non-donors to monthly. The primary methods for this are face-to-face and direct response television [DRTV], both of which are very expensive to start.) McKinnon recalls a client that generated more than 50 percent of its revenue through monthly giving but stopped investing in single-gift donors and instead put money into high-attrition streams, such as DRTV. "If they had continued to build the single-gift channel as well, they'd have a higher net income and a larger pool of donors to convert to monthly giving," McKinnon says. "Any organization can convert a percentage of its donors to monthly, but it does take leadership."

## Peer-to-Peer Giving

### 1. What peer-to-peer giving is

This fundraising program is the engagement of supporters through participation in activities for which they raise funds from friends and families. Examples include fun-run sponsorships, donations in lieu of a birthday gift, hoop-shooting contests, walk-a-thons, swim-a-thons—any group fundraising activity in which participants are engaged to raise funds through their network for your organization. Both nonprofits and individual donors can organize campaigns. According to the Peer-to-Peer Professional Forum (**www.peertopeerforum.com/run-walk-ride-resources/research**), in 2015, the top 30 programs in the United States raised $1.57 billion, nearly 10 percent more than the amount raised 10 years earlier.

However, it is a volatile field. The Peer-to-Peer Forum reports that last year, total revenue of top U.S. programs was down more than 2.5 percent, while in Canada, 20 of the top 30 programs reported revenue declines in 2015, a trend that is prompting many Canadian charities to rethink their approaches and experiment with innovative new programs. Fundraising revenue at these programs totaled $254.1 million in 2015, according to the Peer-to-Peer Fundraising Canada *Top Thirty Benchmarking Survey* (**www.p2pfundraisingcanada.com/topthirty**). That figure is down 8.6 percent from 2014, a substantial drop that was somewhat offset by growing totals at a number of newer and smaller programs.

Nevertheless, rather than pulling back in the face of these declines, a number of Canada's biggest charities have reported that they are stepping up their investments in peer-to-peer fundraising. "2015 was a wake-up call for many nonprofits," says David Hessekiel, president of Peer-to-Peer Fundraising Canada. "Many organizations are seriously examining their peer-to-peer initiatives, investing in new concepts and overhauling existing programs."

### 2. What peer-to-peer giving is not

Fundraisers are often surprised to learn that peer-to-peer campaigns are not special events in the traditional sense. Although both involve getting people together to raise funds in support of a common cause, peer-to-peer fundraising doubles as a means of generating leads for loyal sustained-giving and legacy donors, explains Katrina VanHuss, CEO of Turnkey (**www.turnkeyp2p.com**) in Richmond, Va. "We use volunteer fundraisers to reach people we don't know yet, who aren't on our lists. It is a revenue-positive lead generation device."

Because of their similarity to special events, VanHuss says, sometimes staff tries to manage them the same way. Special events are most often staff-driven, with volunteers doing tasks. In contrast, the highest-producing peer-to-peer campaigns have true volunteer leadership committees who run the events for the most part. When a staff person tries to take control in peer-to-peer scenarios, which thrive on autonomy and delegation, participation and fundraising suffer. "The ideal staff person for peer-to-peer is a relationship manager, not an event manager," VanHuss points out. "Not someone who sets up the tents but someone who empowers others to set up the tents themselves."

### *3. What peer-to-peer giving does best*

VanHuss says that the real strength of peer-to-peer is that it opens the door for fundraisers to build relationships with new donors, which can lead to long-term support for the cause. The trick, she says, is to develop the right type of relationship with the fundraiser. A market relationship sets a financial condition for engagement, such as a registration fee or high-minimum fundraising. A social relationship invites participation with no terms, except for an attachment to the mission. "People in market relationships will shop around for a better deal in a year or two," she explains. "But people in a social relationship will come back year after year. Market relationship peer-to-peer events manifest as retail-worthy offerings, such as high-profile bicycle rides. Social relationship events manifest typically as walks."

While peer-to-peer fundraising looks like a lot of work to a staff person, its efficiency at getting a "yes" to a donation ask is powerful. "The typical direct-response campaign gets a 1 to 2 percent response rate," VanHuss explains. "Typically, it takes a peer-to-peer fundraiser four requests to get a donation—a 25 percent response rate.

"In a lot of ways, for acquisition peer-to-peer is better than a bought list," she adds. "It is the front door."

### *4. How to succeed with your peer-to-peer giving program*

"A successful peer-to-peer event has to provide a great experience for the participant," says J.D. Beiting, a fundraising consultant with Benefactor Group (**www.benefactorgroup.com**) in Columbus, Ohio. "It should offer support, recognition and incentives. The more fertile the environment a nonprofit can provide, the more money will be raised." This requires good communications, sufficient financial support and the commitment of the organization's executives, fundraisers and staff.

Although almost any type of nonprofit can run a successful peer-to-peer program, preparation is required. Beiting advises nonprofits to start by assessing both their assets and their constituencies in order to get a sense of the type of program they want to establish:

- **Proprietary**, in which an organization creates and manages an event
- **Third-party**, in which an organization leverages an existing event and recruits people to participate on its behalf
- **Do-it-yourself**, in which supporters create their own activities and encourage people to donate in support of them

Once the type of program has been decided, a nonprofit should set a reasonable goal, keeping in mind that it takes time to build momentum and reach a critical mass of support. With that information in hand, the organization can then develop a budget that suits the level of effort and expectations. There are several companies that offer software to help nonprofits run and manage successful peer-to-peer campaigns without placing undue burdens on staff. "Technology is decentralizing peer-to-peer fundraising," Beiting says. "It behooves an organization to take advantage of it."

## Face-to-Face Giving

### *1. What face-to-face giving is*

Face-to-face fundraising is the solicitation of recurring gifts from donors by approaching them on the street, at their doorsteps or in high-traffic areas. In the U.K., where the technique is used widely, the Public Fundraising Association (**www.institute-of-fundraising.org.uk**) reported that its members recruited 863,407 new direct-debit donors through face-to-face fundraising in the financial year 2011/2012. However, the method is now suffering badly after a series of high-profile media attacks. According to recent findings, a total of just 711,429 donors were recruited through face-to-face means in 2015/2016, the lowest levels seen since 2009/2010 (**http://thirdforcenews.org.uk/tfn-news/figures-show-dramatic-drop-in-face-to-face-fundraising**).

In Australia, face-to-face fundraising has accounted for most of the income from regular givers in a variety of fundraising channels, including direct mail, telephone, media and online.

### 2. What face-to-face giving is not

Face-to-face giving may not be the best channel for cultivating lifetime donors because, like direct mail and telephone campaigns, it casts a wide net. Instead of measuring relationships with individual donors, the value of face-to-face campaigns is best examined in terms of aggregate numbers, and in that regard, they are very effective. At the same time, while attrition rates are higher, the donors who do stay on, particularly after one year, often become long-term donors.

Furthermore, face-to-face fundraising does not provide quick returns on the investment. "It can take 18 to 24 months to break even, even longer in the U.K. And within five years, the program is likely to achieve a return on investment [ROI] of 2½ to 3½ times," explains Bryan McKinnon, vice president of fundraising operations at Public Outreach Fundraising (**www.publicoutreachgroup.com**) in Toronto. "It's best to think of face-to-face as an investment program."

### 3. What face-to-face giving does best

When treated as a long-term investment program, face-to-face offers a stable donor base and excellent long-term ROI, especially if efforts are made to retain

## As Goes Face-to-Face Giving, So Goes Fundraising?

In the U.K., face-to-face fundraising, often nicknamed "F2F" or "chugging" (short for "charity mugging"), is at the forefront of a national debate over fundraising ethics that has led to dramatic changes in the country's charity regulations. However, according to veteran fundraiser Ian MacQuillin, there is more at stake in this debate than the question of whether canvassers should be allowed to approach pedestrians in public spaces. MacQuillin argues that the fate of face-to-face fundraising is a bellwether for the future of fundraising itself.

"Philosophically speaking, if F2F falls, then all fundraising falls," MacQuillin wrote in his March 2014 opinion piece for the website U.K. Fundraising ("What I really think about 'chuggers'"). "F2F stands on the literal and metaphorical front line."

MacQuillin, a lecturer in fundraising and marketing at the University of Plymouth's Hartsook Centre for Sustainable Philanthropy (**www.plymouth.ac.uk/schools/plymouth-business-school/hartsook-centre-for-sustainable-philanthropy**) and the director of Rogare (**www.plymouth.ac.uk/schools/plymouth-business-school/rogare**), the university's fundraising think tank, bases his argument on the premise that street fundraising differs from other forms of fundraising only in degree. Like all fundraising, face-to-face costs money to undertake, has a break-even point, suffers attrition, enters prospects' personal space and challenges them to do something, and can elicit negative feelings in prospects. "If you object to any of these for F2F," he writes, "you must necessarily hold these views for all fundraising."

Since writing his article, MacQuillin has seen anti-F2F sentiment growing slowly but steadily not only in the U.K. but also in New Zealand and even in the United States, where nonprofits and fundraising agencies are attempting to develop standards for the self-regulation of F2F to forestall drastic U.K.-style government intervention. Nonprofits have to convince the giving public, the media, elected officials and some fundraisers as well that strict regulation of one form of fundraising represents the first step down a very slippery slope leading to protections against other forms of fundraising as the definition of what people find intrusive or invasive broadens.

At the heart of the issue is not whether donors have a right not to be confronted with appeals to conscience, MacQuillin argues, but whether beneficiaries have the right to the help they need. Rogare recently addressed the tension between what donors want and what fundraisers do in its new white paper, *Rights Stuff: Fundraising's Ethics Gap and a New Theory of Fundraising Ethics*, released in September 2016. The white paper proposes a new definition of fundraising ethics that includes the beneficiary in the giving equation: "Fundraising is ethical when it balances the duty of fundraisers to solicit support on behalf of their beneficiaries with the right of donors not to be subjected to undue pressure to donate."

"Donors are means to an end, not the end itself," MacQuillin explains. "Fundraising is a resource transfer from the donor to the beneficiary. Feeling good about the transfer is a byproduct, but it's not necessarily the point."

donors by following up with them within two months of their initial gift, McKinnon says. In addition, research has shown that face-to-face also has the advantage of appealing to younger, first-time donors who are less likely to respond to traditional forms of mass appeal.

Of course, face-to-face fundraising works well with organizations that have a high recognition factor, but it is also remarkably successful with groups with little brand recognition that are working on issues pertinent to donors and whose missions catch fire with the public. These are all important considerations when planning your organization's face-to-face strategy.

Face-to-face fundraising borrows from the classic techniques of door-to-door salesmanship: physical proximity, a sense of urgency, charm and persuasion. While some people shy away from such approaches, others are naturally drawn to these personal connections, says Marc A. Pitman, CFCC, of the Concord Leadership Group, LLC (**www.concordleadershipgroup.com**) in Greenville, S.C. And this technique works better in some cultures and countries than others, such as in the United States. "When it comes to public spaces, we're not as polite as other cultures," Pitman points out. "Privacy seems to extend to wherever a person defines it."

### *4. How to succeed with your face-to-face giving program*

When developing a face-to-face giving program, it is important to know the lay of the land, both literally and figuratively, says Steve Allison, president of TNI The Network Inc. (**www.tninetwork.com**) in Peachland, British Columbia. Population density will determine whether it is more cost-effective to go door-to-door, set up in high-traffic areas or canvass streets. (In the U.K., for example, the high density of urban areas makes street campaigns highly effective, whereas the more spacious geographies of the United States and Canada favor door-to-door and malls.)

The decision of whether to hire canvassers directly or to contract with an agency is a crucial one, Allison says. The former approach requires a large investment in staff time to hire, train and supervise the canvassers and to handle any complaints that may come in. The latter allows an organization to hand those operations over to a team of experts, but it requires trusting them with representing the nonprofit to the public. "Pick a vendor that treats its hired people well and uses methods that reflect well on your organization," Allison suggests. "What better method for raising passion in a donor than by having a passionate person talking to you about it?"

As with other forms of gift revenue, face-to-face programs require that a nonprofit have the necessary staff, technology and finances to steward donors, process gifts and handle glitches, such as expired credit cards. For organizations that can afford it, third-party vendors are a viable option for handling payment processing, which frees up staff to focus on donor stewardship.

Staff and leadership buy-in may be harder to get for a face-to-face campaign because of the stigma associated with the technique. "People still think about the Fuller Brush salesman approach," Allison says. "But when young people who buy into the mission convey their passion to people in a comfortable environment such as at their front door, it is a very successful method."

And that is true for any effective ask.

*Paul Lagasse is a freelance writer in La Plata, Md. (www.avwrites.com).*

## Additional Reading

*Ask Without Fear! A Simple Guide to Connecting Donors With What Matters to Them Most* by Marc A. Pitman (Standish & Wade Publishing, 2008), paperback, 95 pages

*How to Turn Your Words Into Money: The Master Fundraiser's Guide to Persuasive Writing* by Jeff Brooks (Emerson & Church Publishers, 2015), paperback, 176 pages

*Hidden Gold: How Monthly Giving Will Build Donor Loyalty, Boost Your Organization's Income and Increase Financial Stability* by Harvey McKinnon (Bonus Books, 1999)

"18 Tips to Create a Wildly Profitable Monthly Giving Program" **www.gailperry.com/18-tips-to-create-a-wildly-successful-monthly-giving-program**

*The 11 Questions Every Donor Asks,* revised edition, by Harvey McKinnon (Emerson & Church Publishers, 2015), paperback, 118 pages

*Peer-to-Peer Fundraising Made Easy: A Step-by-Step Workbook* **http://cathexispartners.com/wp-content/uploads/2016/06/IDEALWARE_PEERTOPEERWKBK_2013NOVEMBER19b.pdf**

"Face-to-Face Fundraising a Recession-Proof Technique" **https://probonoaustralia.com.au/news/2015/10/face-to-face-fundraising-a-recession-proof-technique**

"Is Face-to-Face Fundraising Really Worth It?" **http://paretofundraising.com/2016/04/is-face-to-face-fundraising-really-worth-it**

"Street life: 20 years of international face-to-face fundraising" by Stephen Cotterill, *Fundraising*, October 2015 **www.darylupsall.com/wp-content/uploads/2014/02/ArticleonFacetoface_FundraisingMagazine_oct15.pdf**

"What I really think about 'chuggers'" by Ian MacQuillin **www.fundraising.co.uk/2014/03/25/really-think-chuggers/#.V7TBNmUsBLM**

*Rights Stuff: Fundraising's Ethics Gap and a New Theory of Fundraising Ethics*, **https://www.plymouth.ac.uk/uploads/production/document/path/7/7407/Rogare_Fundraising_Ethics_White_Paper_v1.1.pdf**