

Advancing Philanthropy

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How Appealing!

Holistic, integrated
approaches for an
effective annual
campaign



BY MARY
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How to
make your annual
fund **more** effective with
holistic, **integrated** **approaches**
and strategies

How Appealing!

If you have graduated from college, you undoubtedly have received an annual appeal in the mail. Was it effective?

Probably not! “With all of the tools and technologies available to nonprofit organizations today, there is little to no excuse not to meet donors where they are. Your donor communications should be as specific as you can manage with the resources you have—always being as targeted and personal as possible,” says Erik J. Daubert, MBA, ACFRE, nonprofit management specialist in Durham, N.C., and author of *Nonprofit Essentials: The Annual Campaign*, AFP/Wiley Fund Development Series (Wiley, 2009).

“It’s not your father’s annual fund anymore, but we’re treating it like it is,” adds Mark Rountree, former vice president at RuffaloCODY and now senior consultant and partner at Ashley & Associates (www.ashleyandassoc.com) in Louisville, Ky. “It’s 2010, but why are so many colleges still acting like it’s 1980, mailing dry two-page letters to 27-year-olds—who increasingly don’t open or respond to mail appeals—instead of using their limited resources on testing phone or email campaigns? And development staffs spend more time worrying about mailings to the class of 1990 than making sure they’ve collected emails and cell phone numbers from the class of 2010.”



Rountree cites the main factors that have affected annual giving programs in the past decade:

- the recession and its impact on endowments
- technological advances
- the surge of people under age 30 into the marketplace as donors, prospects, volunteers and staff

“Today’s donors are giving in more ways, using more fundraising vehicles than ever before in philanthropic history,” Daubert points out. “As fundraising professionals, it is our challenge to give our donors the opportunity to give in the way that they would like and when they would like to give.”

Although these significant changes would seem to dictate a reshaping of annual-giving communication and solicitation strategies, Rountree says a surprising number of nonprofits have stuck with an out-of-date, less-than-effective approach. What about your organization?

More Strategic Appeals

Many development professionals probably segment their annual appeals according to a few parameters, such as giving history, zip code or attendance at their organizations’ events. However, new and more sophisticated analysis using data mining and predictive models can help fundraisers start their annual-appeal process in a much more strategic way.

“We’ve always looked at data and trends that would predict success when you ask certain groups of people for money, like looking at subscribers versus single ticket buyers,” Rountree says. “What has changed is that you now have much more elaborate models. Instead of looking at 10 pieces of information about a group of people, you can put them through a filter of 70 items.”

Ron Song, senior associate director, direct response at the University of Chicago (www.uchicago.edu), explains the new technique in relationship to FICO scores. (FICO is a publicly traded corporation that created the best-known and most widely used credit score model in the United States. The FICO score is calculated statistically with information from a consumer’s credit files.)

“Your FICO score puts a predictive value on how much of a credit risk you are, based on your past behavior,” he says. “You can take that concept and apply it to any fundraising goal, and it helps you prioritize your prospects and tailor your strategies.”

Larger organizations may do this type of work in-house by augmenting their development

staff with individuals who have a background in statistical analysis, or they may contract out to a data analysis service provider. Either way, data mining and predictive models provide a deeper and more detailed picture of annual giving constituents, enabling fundraisers to target those who are most likely to give and, ultimately, increase their return on investment.

With technological advances, Internet communication has brought about the biggest change in annual giving programs. However, many development officers who broach the subject of email solicitations and online giving hear objections, such as “Only young people use the Internet,” “That won’t work for us” and “Our donors don’t want to give that way.”

While your current donors may not want to give in a different medium, the donors who you are not reaching may want to do just that. “What about the donors you are not currently engaging?” Daubert asks. “My hunch is that you have donors who would like to give using another method, but it just hasn’t been an option. Do you support online, with a credit card, using monthly payments, sending a check, using money transfers or texting? There are so many ways for people to give in today’s society. You want to have the tools that you can manage well and that most substantially increase your donor base.”

As Rountree warns, “A lot of annual-giving decisions—and nondecisions—are wrongly made by people who are substituting their personal preference for what they imagine their donors want.”

Overcoming Objections

Valerie Lambert, assistant director of development at the Johns Hopkins University Center for Talented Youth (www.cty.jhu.edu) in Baltimore, often gives presentations during which frustrated staffers ask how to combat colleagues who are resistant to change. She offers the perfect anecdote to thwart the ageist assumption about Internet users. “I got a copy of *AARP Magazine* and actually displayed the number of hyperlinks that appeared in ads and stories. There were

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Creating a Tradition

BY DEE VANDEVENTER, M.A.

Who would have ever suspected that something as simple as an ornament would establish a 25-year tradition of giving? I certainly didn't, as the University of Northern Iowa's first annual giving director. With lackluster year-end direct-mail returns, the annual fund needed a jump-start. Boosting university pride wouldn't hurt either. Just walking on campus in the '80s, one could observe more school colors of the sister institutions—Iowa State's cardinal and gold and the University of Iowa's black and gold—than UNI's purple and gold. The smallest of the three state universities, UNI was looked upon as the "Teachers' College," with students and alumni suffering from a bit of an inferiority complex.

After much thinking and working with a vendor, we found the perfect solution: a commemorative ornament. The first 3-D bronze ornament created in 1986 featured the school's beloved campanile—a landmark made possible from alumni gifts and a founding place of many campus traditions, along with a good share of wedding proposals. This inexpensive, easy-to-mail premium was offered for a contribution of \$50, which we knew, if this tradition caught fire, could nearly double the current average gift. The direct-mail package included a teaser on the outer envelope, a story-like letter from the national annual fund chair, a response card with a picture of the ornament and a business-reply envelope (BRE). Contributors received a handwritten thank-you note accompanying the ornament.

The first mailing surpassed all expectations. Participation was up—particularly among SYBNTs (donors who have given at some point in the past—"some years but not this year") and future donor segments. (We chose not to refer to the latter group as "never givers" because we knew they were just waiting for the right kind of ask). The average gift did increase, as alumni wanted to be sure every UNI graduate in their family each had an ornament. It became a great stocking stuffer. We saw a prior gift of \$50 turn into a \$250 contribution—one for themselves and one for each of their four children.

Twenty-four years later, long after I departed as UNI's annual giving director, the tradition continues. Alumni actually await with anticipation the November mailing—wondering what program or campus landmark will be featured. Who can say whether an annual ornament became the contributing factor for increased school pride? However, in the years that followed, purple and gold dominated the campus sidewalks. Annual support continued to grow, setting the bedrock for the university's very successful capital campaign—its first in 20 years. 🍷

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more than 140. AARP readership is people over age 50, so that shows how much money you're leaving on the table if you think online giving wouldn't appeal to older donors."

Pointing to others' success may help to convince development administrators who are hesitant about going online. Despite the fact that nonprofits have long resisted equating fundraising with sales, Rountree suggests, "Nonprofits need to mimic the shopping basket approach to giving online. To people who are horrified by that, tell them the Red Cross is doing it."

A quick tour of the Internet does turn up numerous nonprofits of all sizes and in all sectors that have included an online giving option, with "option" being the operative word. Donors do not have to use it, but for organizations that do not even offer it, Lambert has a wake-up call: "If people don't have online giving, they're leaving money on the table in two ways. They're ignoring a large demographic that's growing every day, and studies have shown that the average online gift is larger than the average mail gift."

At the same time, rather than replacing phone, mail and personal solicitations, electronic outreach simply serves as another communication channel for your constituents. According to Song, adding Internet communication and an online giving option is a successful marketing approach that for-profits have relied on for years. "It's an integrated approach that takes all of your channels and tries to maximize them in relation to your constituent records and constituent behavior," he says. "You integrate your message by telling your story through multiple channels. If you send a holiday card for a year-end appeal and don't follow up with a call or email, your effort to increase brand awareness will lose out to the organization that sends five different communications."

In organizations that do use multiple channels, fundraisers must remember to avoid making assumptions about donor preferences.

Channel Surfing

"Too many organizations put their donors in silos," Lambert explains. "An organization decides that donor A is an online donor, so he or she receives only online messages. Donor B is a mail donor, so he or she receives only mail appeals. Research shows that donors who get online appeals will give larger gifts than mail donors will, and the donors who receive holistic, integrated approaches will give the largest gifts of all."

When your donors have access to all giving channels and they can choose the one they prefer, you may be surprised at the outcome. "In every channel, there's a donor pyramid," says Mike Johnston, president of Hewitt and Johnston Consultants in Toronto (www.hjcnewmedia.com). "We just did a campaign for Doctors Without Borders, and someone made a \$50,000 credit card gift online." He adds the caveat that online donors often give impulsively, and online renewal rates are low, so he suggests using phone and mail to get online donors to renew.

If your colleagues hesitate to launch a new channel all at once, remember to test, test, test. “If you’re scared of something, try making 100 phone calls or sending 100 emails. Just try it and see if it works,” Rountree advises. “The beauty of annual giving is that you can test with low cost and low embarrassment level.”

Implementing an online giving program requires an initial financial investment, but if development professionals worry that they do not have the time, the staff, the funds or the expertise necessary for the venture, Lambert says it is easier than they think. “Small organizations that may not be in the position to cover the cost of processing credit cards can pay an outside organization to process them. You put the donation button on your site, and it transfers donors to the organization’s site. It’s a good way to start out.”

Lambert emphasizes the importance of having separate and distinct hyperlinks for online giving, such as www.cty.jhu.edu/donate or www.cty.jhu.edu/contribute, for example. This enables fundraisers to track online donations’ income from each appeal by using unique hyperlinks rather than the organization’s website home page. In addition, having distinct hyperlinks to give online saves time for donors because they do not have to search or add clicks and steps to find the donation page.

Lambert also counsels patience and emphasizes the need to reinforce the idea of online giving in all other communications. “Any time you start something new, you have to have constant messaging. Things don’t change overnight.”

When she implemented online giving at the Center for Talented Youth, Lambert says the percentage of donors who contributed to the spring mailing went from 3.5 percent in 2007 to 8.9 percent in 2008 and to 23.3 percent in 2009. Overall, giving income (including mail, email, online “donate now,” etc.) more than doubled, from \$56,463 in fiscal year 2007 to \$144,161 in fiscal year 2009.

Different donor groups demonstrate different traits when giving online. As Johnston points out, “A higher population of people who give online do automatic, debited giving, and automatic giving has the highest renewal rate. The holy grail of annual giving is moving to monthly debited giving from a credit card or bank account.”

Also, there is a very significant benefit of keeping track of donors, particularly those who are highly mobile. “As our society and communities become more technologically connected and more mobile, it is increasingly important that we engage people through virtual mediums,” Daubert emphasizes. “We want to stay in touch with our constituencies and do our critical mission work as it relates to advocacy, fundraising and other issues. It just makes sense—if you can manage it well—to have a virtual presence as it relates to your specific membership.”

“If you focus on making annual giving personal, you can better utilize various tools to help you accomplish that purpose.”



Social Network Fundraising

“Email addresses and cell phone numbers are the gold standard for moving forward,” Rountree says, “and online giving is an easy way to acquire that information.”

Although many nonprofits now exhort their constituents to follow them on Facebook, Twitter and YouTube, social media may actually be more effective for donor cultivation rather than traditional annual-gift fundraising.

“Social networks aren’t about fundraising,” Rountree points out. “They drive traffic to your institutional website and create groups that wouldn’t have gathered in another way. Colleges, primarily, are doing a great job of using Facebook for getting information to people and creating affinity groups. The University of Chicago is using Facebook to drive attendance to alumni events, and Bowling Green State University uses it to reach out to alums of all ages and drive them to the university website to update their profiles on the database.”

That said, Johnson says social media does work well for special fundraising initiatives that rely on social network dynamics. “It’s very successful with pledge-based fundraising, such as when you sign up to walk in the Komen Race for the Cure, to have people go on your page and pledge support.”

Although it is possible to raise money via Facebook, Lambert advises, “I wouldn’t recommend online giving on Facebook. It takes too big of a cut, and you don’t get the donor information for further cultivation. Facebook is for fundraising—it has a place, but fundraising isn’t its strong suit.”

Despite the recent success of the drive to text support for hurricane relief in Haiti, that method raises money without capturing donor information, making it an ineffective tool for the donor acquisition aspect of annual giving. “Texting is like the collection jar on the counter at MacDonald’s,” Rountree explains. “People are dropping loose change in, but you never know who gave you the change.” In short, there is no personal connection.

Personal Touch

When Duff Ridgeway became the foundation director at Waverly Health Center (www.waverlyhealthcenter.org) in Waverly, Iowa, he had to start at the beginning. The organization had a very small database and an annual fund drive that consisted of one letter a year. He decided that before reaching out to the community for support, the organization needed to get its own staff on board. “We have 400 full- and part-time staff, and my goal was to meet as many people one-on-one as I could,” he says.

Ridgeway started by asking department chairs if he could

speak at their department meetings. “Some were more reluctant than others, but all were receptive to the idea.”

In order to follow up his personal presentations with a written appeal, he recruited all three members of the materials management staff to assist him. “They’re the ones who order and deliver supplies to all departments of the hospital, so everyone knows them. They were my chief advocates, the faces of the annual-giving campaign, and the appeals went out from them.”

They sent campaign information in four weekly newsletters in one month, followed by a mail appeal to the staff mailboxes and then a follow-up email to those who did not respond.

Ridgeway also approached human resources about speaking at new-employee orientation and received a 15-minute slot in a very jam-packed day. “There was no formal presentation, no specific format. I simply sat down, had coffee and discussed the foundation: who we are, what we do and the importance of giving back. It’s all about developing trust.”

The 2009 staff campaign resulted in 33 percent participation and \$29,000 raised, a dramatic increase from the previous year, when 13 percent of staff contributed \$3,300.

At a celebration during the local Heritage Days last summer, Ridgeway thanked donors by inviting them and their families to watch fireworks from the hospital rooftop. “The dollars raised purchased needed medical equipment, and we worked to show them how their giving made an impact. Positive energy is a contagious quality and our folks have a ‘can do’ spirit. Their leadership by example spilled over into our community and our donor base grew by 65 percent in 2009. Our campaign success was a direct result of our staff’s desire to see our hospital grow and thrive.”

Even during a recession, Escuela Bilingüe Internacional (www.ebinternacional.org) in Oakland, Calif., also has had reason to celebrate. The small independent school has no endowment and no alumni, and 30 percent of the students are on financial aid. Nevertheless, it has had 100 percent participation in its annual-giving campaign since the school opened in 2006.

Paloma Baquerizo, development director, stresses the importance of the personal approach in everything, from the cultivation of parents and grandparents to the way in which staff members interact with the children. “My office is very close to the entrance of the school, and it’s very important for me to know the names of the all the children,” she says. “After I know the children, it’s very easy to know the parents and the grandparents and create more personal relationships. We help one another when we see other staff people are busy. Parents notice that. It’s the way we are. The whole staff is very personal and hands-on.”

The school went from raising about \$35,000 in 2006–2007 to \$93,000 in 2008–2009, which was the first year it had a full-time development director and volunteers working on annual giving.

Last year, Baquerizo decided to solicit the staff before

going to the parents. “We assumed that 100 percent of the board would give, but I wanted to present to the parents that 100 percent of the staff had given—and not only that they gave, but also how fast they gave. After I talked to them at a staff meeting, I had commitments from everyone within two weeks!”

As of March 2010, Escuela Bilingüe Internacional again had achieved 100 percent participation and the school is close to reaching its fundraising goal.

“One thing that has not changed in my mind is the fact that staff and volunteer-driven annual support campaigns are the backbone and foundational base of fundraising in an organization,” Daubert points out. “If you focus on making annual giving personal, you can better utilize various tools to help you accomplish that purpose.”

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Resources

For more information on annual giving, consider the following.

The Annual Campaign (AFP/Wiley Fund Development Series) by Erik J. Daubert, ACFRE (Wiley, 2009), paperback, 284 pages*

Annual Fund Development Plan (sample), AFP Resource Center “Hot Topics” www.afpnet.org

Conducting a Successful Annual Giving Program by Kent E. Dove, Jeffrey A. Lindauer and Carolyn P. Madvig (Jossey-Bass, 2001), paperback, 512 pages*

Connections Between Annual and Bequest Giving (Stelter Donor Insight Report) www.stelter.com/pdfs/DonorInsight/Connections.pdf

Donor-Focused Strategies for Annual Giving by Karla A. Williams, ACFRE (Jones & Bartlett Publishers, 2003), paperback, 287 pages*

Fundraising Fundamentals: A Guide to Annual Giving for Professionals and Volunteers, 2nd Edition by James M. Greenfield, FAHP, ACFRE (John Wiley & Sons, 2002), hardcover, 512 pages*

Taking Control of Your Annual Fund by Lawrence Henze, J.D. www.blackbaud.com/files/resources/downloads/WhitePaper_AnnualFund.pdf

*Available in the AFP Bookstore, www.afpnet.org.

