

THE FIRST MONDAY REPORT

Thoughts on Fundraising for Campus Ministry

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DONOR LOYALTY: KNOW WHEN TO HOLD 'EM

I was at a little neighborhood gathering recently, when the conversation topic turned to, "What's the best advice you have ever received?" Being quick to answer (and a bit flippant), I said that I probably heard my best byte of advice on a Kenny Rogers album. "You gotta know when to hold 'em, know when to fold 'em, know when to walk away, know when to run." I'm not a gambler by any stretch of the imagination. I never did well with schoolyard bullies. And while I love to drive all kinds of different vehicles, I hate the requisite bargaining process. So why would a church "bureaucrat" with responsibilities for fund raising resonate with this kind of advice?

What comes to mind is the subject of "donor retention." I have been in conversation with a number campus ministries who describe a common dilemma of most non-profit groups. They have a database of several hundred names, but they have not heard from a large percentage of those folks for years. It is likely that they were names inherited from a previous campus pastor's tenure (perhaps even her Christmas card list), and there is no longer any personal connection with those names. Each year when the annual appeal happens, there is a worthy debate about whether to include this mass of humanity in the next mailing, particularly if you are sending expensive newsletters or first class mail. It's a significant cost factor to include so many "friends of the ministry" who no longer resonate with your cause and who may have never contributed to your appeals. Do you hold 'em or fold 'em? When do you walk away and push the delete button on that cohort of "supporters" whose contribution over 10 years wouldn't even pay for the return postage?

Donor retention is a big deal these days. You know how hard it is to obtain viable names in the first place and then keep track of their every move. What happens between the time we place a new graduate on the alum list and the next annual appeal? The obvious secret of small gift fund raising is that an appreciable portion of the initial donors give again, and again, and again. They renew gifts, they become loyal, they develop "brand loyalty," they love us more each year. Let's look at the results of a recent study.

In 2005 the DonorTrends Project¹ surveyed 2,333 American adults and rubbed those results against 35 years of experience and observations of the sponsoring groups. In the survey responses, 59% claimed "high loyalty" to the causes or charity they support. This kind of loyalty surpasses loyalty to doctors, sports teams, and automobiles, by the way. Loyalty is a big deal when it comes to giving. Not surprisingly, as the size of the gift increases, the loyalty percentage increases as well. Of donors giving over \$1,000 annually, 81% espouse loyalty as the key ingredient. Increased education on the part of the charity also increases donor response. Loyalty increases with the age of the donors: pre-Boomers (born before 1946) are generally more loyal than post-Boomers (born after 1964). Also, online donors indicate more loyalty than offline donors. Gender does not appear to play a role in loyalty.

¹ A collaboration of Craver, Mathews, Smith & Company (CMS) and The Prime Group, © 2006.

These loyal donors are not often enticed to “shop around” for new causes to support, although more online donors admit to doing that because of the enticements of the internet. What is interesting, according to the CMS report, is that only 33% of loyal donors educate themselves about the charity they support. Only this group describes the feeling of “member,” others see themselves merely as “contributors.” Said differently, over two-thirds of your contributors are on the downhill path to informational and emotional disengagement with your organization. Building donor loyalty is an uphill battle to educate and involve your core donors in the things that matter about your ministry.

The online segment of donors is much more likely to stay informed, however. This may be hugely significant, in part because they have taken the time to connect with you, learn about you, make a gift to you, and have left an email address inviting you to contact them in return. The CMS study states, “Online engagement—starting with volunteering an email address—is the most significant indication available to an organization that an individual is open to a relationship, not just a one night stand.”

The study reported that the reason most often given for a donor leaving an organization is, “I can no longer afford to contribute.” The commentary on the report, however, argues that this is probably not the real reason, although it may certainly be true in some cases. It likely has to do with donor priorities. These days donors are increasingly discriminating, especially Boomers, online givers, and the “platinum” givers (who give more than \$1000 a year). They are performance-oriented and judge the value of their gift against the overall accomplishments of the organization. They pick winners and tend to stay with them, unless they discover otherwise. In addition, they invite others to join them in a cause they find to be effective. They have a kind of “missionary zeal” for advancing your organization.

The CMS report notes four other trends that have implications for successful fund raising today.

1. Shaky public confidence in charitable organizations. When the reputations of the United Way or the Red Cross are tarnished because of mismanagement or poor accountability, we all get painted with the same brush. Four years after September 11, a study reported that public confidence in charitable organizations was at an all time low. Only 15% of Americans said they had strong confidence in public charities. There is no assurance that the gift once given gets to the people or purpose for which it is intended.
2. In a “personality culture,” charities are defiantly faceless. The leaders of most charities cannot be named; they do not personify their causes. If the truism of fund raising is accurate—that people give to people, not programs—we will need to do a better job of personalizing our organizations. People have the capacity to inspire, generate trust, and encourage support. Newsletters and Web sites don’t, unless we can find a way to present a personal face. Major donors bet on (and contribute to) known leaders. That is increasingly the case with smaller donors. They want to experience, to touch, and to relate to the leadership of the organization. In this day of podcasts, webcasts, and online videos, this is a new field to pursue.
3. Too much information is not enough. Surprisingly, many organizations do not report their accomplishments, and the “how of the successes,” to their supporters. The concern is compounded when you realize that if it’s hard keeping your loyal donors informed, it’s a huge challenge to interest and educate new donors. It may be possible to experiment with different types of communication to see what reaches different segments best. One thing is

absolutely true—a poorly designed newsletter sent once a year to a generically defined audience will not do the trick.

4. The competition is expanding rapidly. Every day new “brands” appear, vying for donor loyalty, including the host of parachurch groups on campus. Newer organizations built around online communications, fundraising, and activism will steal the march on older, more traditional organizations, the report suggests. There is a fluidity that makes it possible for new groups to enter the marketplace almost unnoticed. People are intrigued by new approaches to old problems. But “new” is the enemy of “loyal.” Those who have supported you in the past will have to make a conscious decision to continue to do so in the future.

The mandate for effective fund raising is clear. We must do everything we can to appreciate, educate, involve, and build strong relationships with our most loyal donors.

The CMS report offers twelve strategic suggestions for building donor retention.

1. Start with lifetime value-focused new donor prospecting. “Don’t chase low tippers.” Focus your time and your resources on recruiting strong donors who will bond with you over the essential purpose of your organization.
2. Give the highest priority to securing a second gift from new donors. The critical bonding window is 1-3 months of the initial gift. “Get the gift, increase the gift, continue the gift,” is one of the common mantras of fundraisers. Work hard to earn that second gift.
3. Follow the basic rules of economics. Invest more in winning and retaining “high value” donors.
4. Understand in detail what this acquisition/retention costs. Is it more cost-effective to build up current donors or find new ones? How will you relate to your donor core differently than you will to everyone else on your database? Build a budget line around donor retention. Relationship marketing is a big deal. Google “relationship marketing” and see what you find.
5. Identify and address likely defectors. Can you predict why a donor will drop you? What can you do to win this person back: a phone call, a special appeal letter, an invitation to visit the campus? If donors drop off because of a perception of mismanagement or other catastrophe, address the concern with them and assure them honestly that it will not happen again.
6. Re-consider how you tell your success story to existing donors. Your success must meet your best donors’ expectations. Ask outsiders for their feedback. Get some objective perspective.
7. Find a way to introduce your leadership to your donors. In campus ministry this would include students as well as staff and board members.
8. Treat online donors as your most valuable members. Be relentless about collecting email addresses. Invite referrals—this has never been so easy. To stretch your imagination, read Seth Godin’s *Unleashing the Ideavirus*², which suggests that product communication happens best from customer to customer rather than from business to customer.
9. Monitor the “casualties” among your colleague groups. If a charity like yours has had an ethical lapse or accountability issue, be sure to inform your loyal supporters that you have taken steps to guarantee that this will not happen to your organization. While you don’t want to play off of the hardships of others, you will want to point out the way in which your organization addresses certain concerns.

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10. Monitor both your traditional and emergent competition. Do you visit and research their Web site? Do you receive and read their newsletters? What are they doing well to acquire and retain loyal donors? What fresh ideas can you learn? How can you build on obvious differentiation? “Sameness does not breed loyalty; confident, projected distinctiveness does.”
11. Monitor donor responses that indicate dissatisfaction with your organization. Are there systemic problems that need to be addressed? Reply promptly and personally to any concerns. Silence or defensive responses shut down loyalty.
12. Benchmark loyalty of your donors against other donors. How loyal are campus ministry donors over against donors to church colleges or social service agencies? What are those distinctions? How can you adapt some of the great loyalty builders that other groups use for your own organization?

This has been a lot of information about donor loyalty—knowing when to hold ‘em. What about when to fold ‘em? When do you drop names from your mailing list and just give up on them as potential donors? My answer would be: Never. Only when someone has specifically asked to be removed from my database would I do so. What I need to do with this host of “deadwood” is to try to bring it to life again. Here are a couple of ideas that might move some donor “suspects” into “prospects.”

- Gather a group of loyal supporters and talk with them about why they hold your ministry in such high regard and continue to be thoughtful givers year after year. Find out what you could do better or do differently to involve more supporters.
- Bring together a carefully selected cross-section of supporters who have been involved in the ministry over the years. Share your list of inactive donors with them and ask them, in confidence of course, to create an emerging list of potential donors and what you might do to build or rebuild relationships with them.
- Send a specific survey mailing to inactives, asking them for information about their relationship to your ministry and what they would like to know or do to become reacquainted. Provide them with a way to respond to you online. Make it as simple and as easy as possible for them to respond. Ask for their email address.
- From this emerging group, select 15-25 who you determine would benefit from a personal visit from the campus pastor and/or a board member or student leader.
- Consider congregation contacts in this same way. Visit churches that are potential supporters. Remember to collect names of interested individuals when you make the visit.
- Although not “inactives,” parents of students have a very distant relationship with your ministry. They may know about you only through their son or daughter. Parents can be very loyal supporters if the ministry has served their family well. Think of ways to keep the relationship with parents (and grandparents) viable, even after they are no longer paying tuition.

I’m no gambler, but I’d bet on this: successful fund raising happens because of the commitments of an increasing number of loyal donors.

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