CapDev

TogetherSC

Stewardship: The Solution to Donor Retention

Summit | 3.7.23

Together SC
ALLIES FOR GOOD

About Us

Our Principles

Enlist
We identify and connect leadership.

Empower
We partner to build sustainability.

Embolden
We encourage talent and leadership.

Embrace
We transform lives through relational philanthropy

Since 1984, CapDev has been making nonprofits better through inclusive philanthropy, consulting and search services.

Our Mission

CapDev partners with nonprofit communities to enlist, empower, and embolden its leaders to embrace the transformational power of inclusive philanthropy.

What do you hope to learn today?

Download slides at: www.capdev.com/conferences

Agenda

1. The Problem: Retention Rates
   - The impact of ignoring vs. tackling this problem
   - What should you be measuring
   - Gathering & using data for decision-making

2. The Solution: Stewardship
   - Why stewardship matters
   - Donor relations using a Stewardship Plan
   - Reframing your messaging to better appeal to repeat donors
   - Creative forms of stewardship
   - Real examples and exchange of real-time ideas

1. The Problem: Retention

Declining Donor Retention Rates

FEP 2022 Q3 Report:

- ⇩ number of donors
- ⇧ total amount given
- ⇩ retention rates
- = less donors, larger gifts

Data from AFP's Fundraising Effectiveness Project:

- Less donors than in 2020
- 25% of gifts from MG (2% of donors)
- Repeat donors = 42%
- One-time donors = 58%
- Less orgs reporting data

Do you know your donor retention rate?

Paying Attention to Donor Retention Matters

Why we focus on donor retention & stewardship:

Build Donor Retention for the Tough Times Ahead, 10/2022

Calculate the Value of Improved Donor Retention

Original Retentation Rate: 41%				Improved Retentation Rate: 51%			
YEAR	DONORS	AVG. GIFT*	TOTAL	YEAR	DONORS	AVG. GIFT*	TOTAL
Start	5,000	$ 200.00		Start	5,000	$ 200.00	
2	2,050	$ 220.00	$ 451,000	2	2,550	$ 220.00	$ 561,000
3	841	$ 242.00	$ 203,401	3	1,301	$ 242.00	$ 314,721
4	345	$ 266.20	$ 91,734	4	663	$ 266.20	$ 176,558
5	141	$ 292.82	$ 41,372	5	338	$ 292.82	$ 99,049
6	58	$ 322.10	$ 18,659	6	173	$ 322.10	$ 55,567
7	24	$ 354.31	$ 8,415	7	88	$ 354.31	$ 31,173
8	10	$ 389.74	$ 3,795	8	45	$ 389.74	$ 17,488
9	4	$ 428.72	$ 1,712	9	23	$ 428.72	$ 9,811
10	2	$ 471.59	$ 772	10	12	$ 471.59	$ 5,504
11				11	6	$ 518,75	$ 3,088
12				12	3	$ 570.62	$ 1,732
13				13	2	$ 627.69	$ 972
14				14	1	$ 690.45	$ 545

Grand Total from Original Donors: $ 820, 859

Grand Total from Original Donors: $ 1,277,208

Total Difference: $ 456,349

Just a small change in your donor retention rate can cost your organization thousands of dollars!

Note: Some numbers rounded

FUNDRAISING REPORT CARD

Indicators for Identifying Best Potential Donors

1. Those who are already giving (big):
   - RFM = Recency, Frequency, Money – *formulas on next slide*
2. People who are philanthropic
3. Current & past leaders
4. They make $1k+ federal political contributions
5. Own $2M+ in real estate

Recency

Most recent gift received

Frequency

How often they give to you

Money

Lifetime dollars donated

Data is Your Friend for Improved Retention Rates

Know what to measure with some useful data analytics formulas:

- Annual overall rate of growth in donations (%) = (x-y/y) x 100
  - x = total donation revenue this year
  - y = total donation revenue last year
- Annual average gift ($) = x-y/y
  - x = total donation revenue
  - y = # of gifts

  Change = (a-b/a) x 100
  - a = this year's average gift amount
  - b = last year's average gift amount
- Donor lifetime value ($) = lifespan x average donation amount x (total # of donations/total # of donors)

2. The Solution: Stewardship

Why Stewardship Matters

Good stewardship creates good supporters.

= more giving

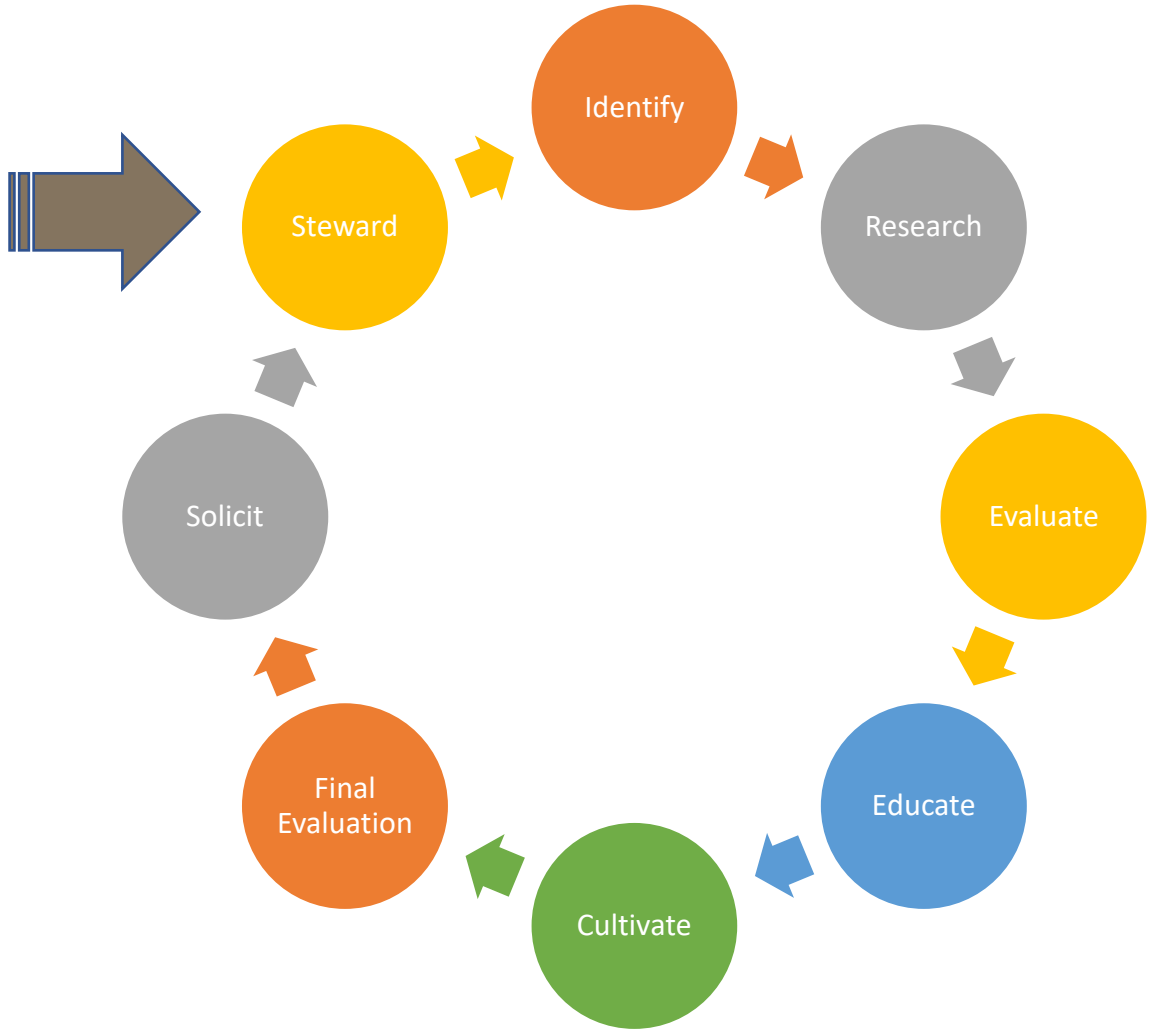
The Real Purpose of Stewardship

Goal: *Retain the relationship with a donor and show appreciation*

- More than just a “thank you”
  - Timely, personal acknowledgements are a critical part of stewarding donors
  - The thank you letter is not the only part
  - More than a receipt
  - Think of it as the first step in donor engagement

- Ongoing process
  - Keep donors apprised of the value that their gift adds to the organization
  - Offer donors opportunities to be involved in the organization

Stewardship Context: Donor Relations Cycle

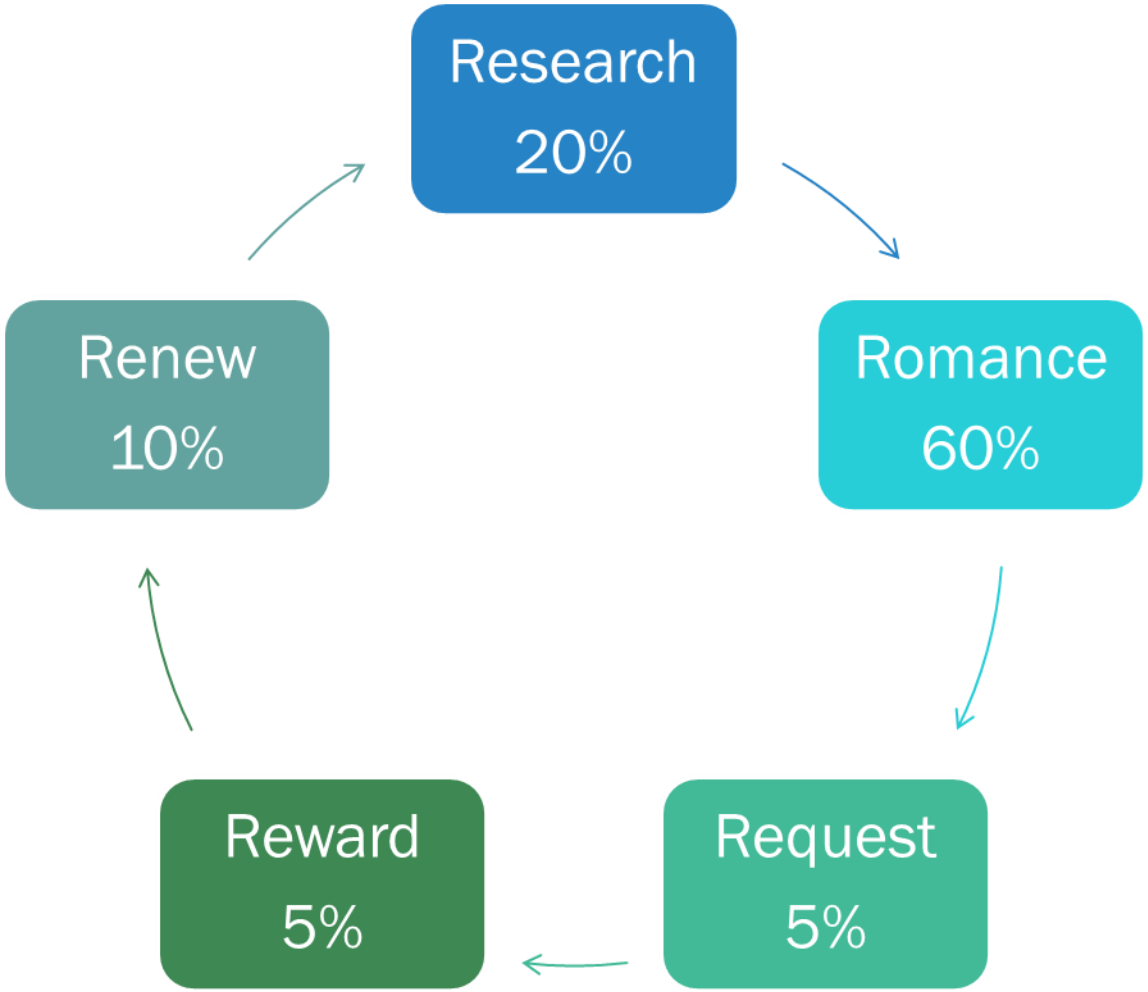


Consider the Donor's Perspective

Time Allocation in the Donor Relation's Cycle

-

Where is Stewardship?



How Do You Acknowledge Gifts?

- Acknowledge gift immediately
  - Not 3 months later
  - Include organizational thank you (letter/receipt) AND personal notes from solicitor, executive director and/or board chair
- Transparency
  - Clearly describe to the donor the value of the gift
    - Where did my money go? What did it do?
  - Describe impact on programs, services…
  - Provide interesting annual reports
- Include photos, newsletters, testimonials in follow-up emails

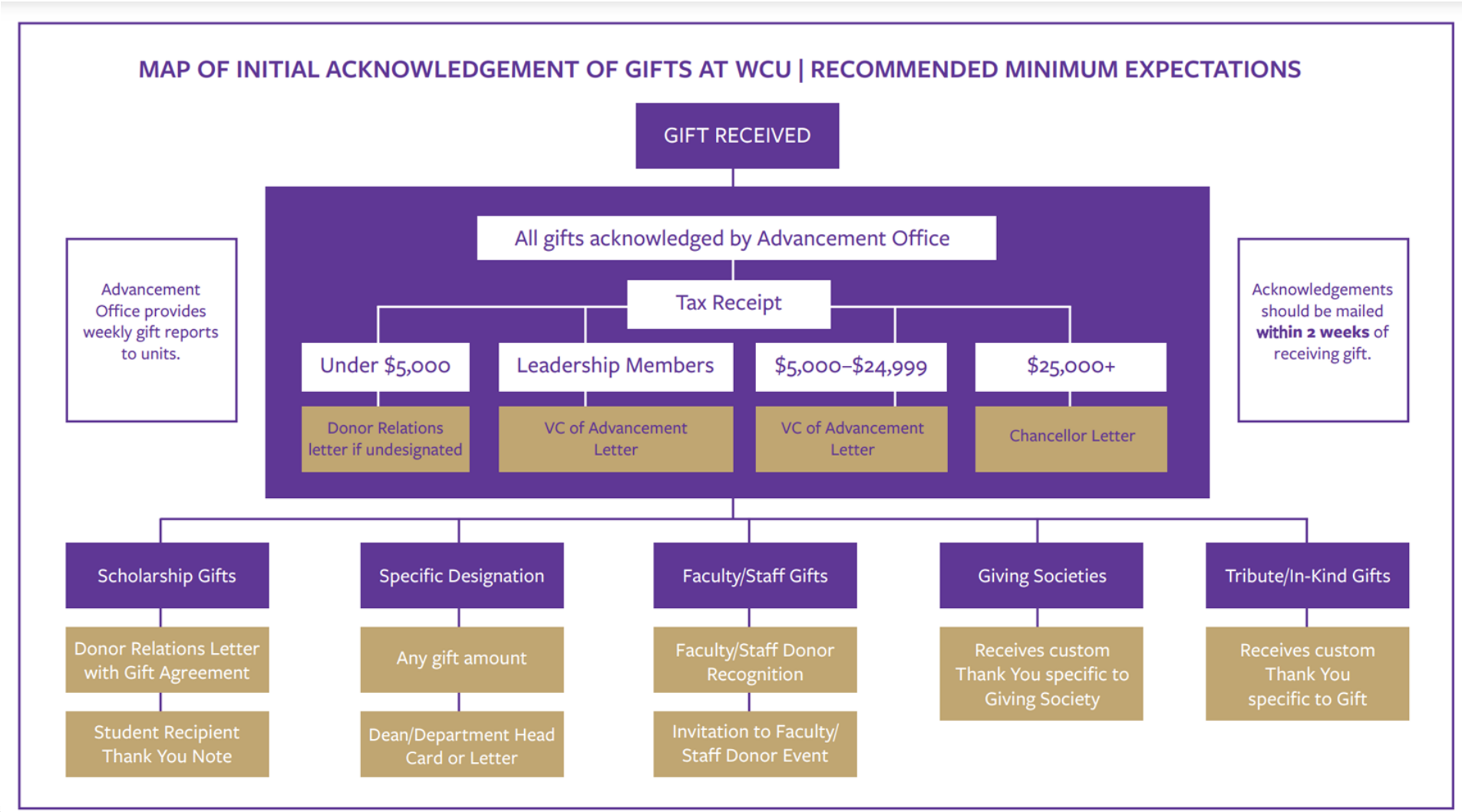
Good Stewardship Takes the Next Step…

Going past the usual Thank You, Stewardship does these things:

- Shows the donor the ***impact*** of their gift (made a difference)
- Connects the donor's ***values*** and the org's values
- Demonstrates respect for the ***partnership*** between org and donor
- Underpins long-term ***relationships*** that lead to increased support and personal advocacy
- Engages the donor in the life of the org in a first-hand, ***ongoing*** way

Result: *Shared aspirations and long-term commitments*

Example: WCU's "How We Thank"



Make Stewardship Efforts = Solicitation Efforts

- Pay more attention to nurturing relationship than asking for the gift
- Create a journey map for your major donors
- Engage board members and others in donor relationships
- Measure stewardship results & tweak your stewardship plan accordingly

$$\text{Return on Investment (ROI)} = \frac{\text{Net Return}}{\text{Cost of Investment}}$$

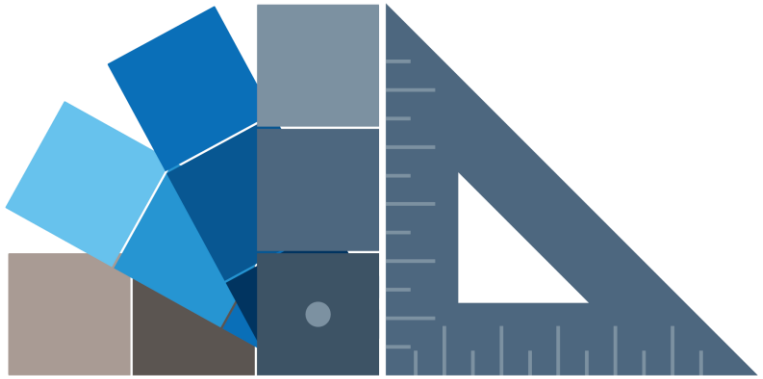
Better Stewardship Yields Better ROI

from a CapDev post by CEO, Allan Burrows

Where Are We Missing Opportunities

- LYBUNTS (last year but not this year)
- SYBUNTS (some years but not this yr.)
- Targeted segmenting
- Invite to non-FR events
- Follow-up:
  - Phone calls
  - Offer tours
  - Meet for coffee; home visits

There is an Art & Science to Effective Stewardship



The Art & Science
of Creating Campaigns

Art:

- Donor relations
- Board AND staff engagement

Science:

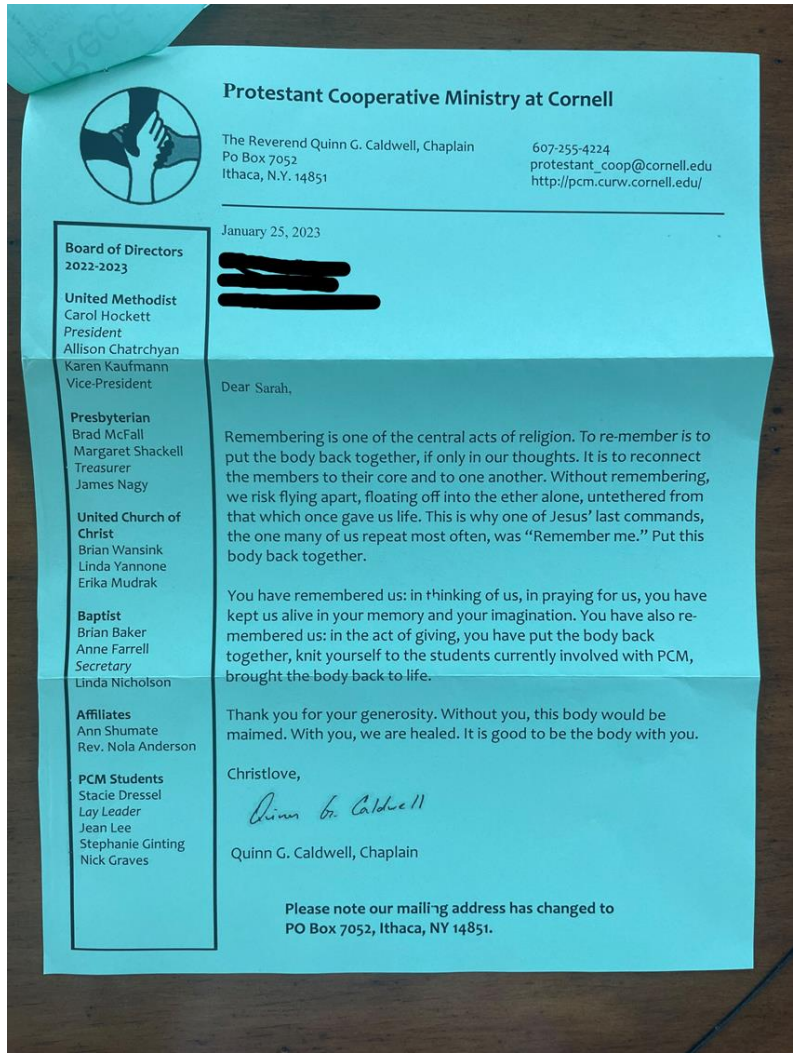
- Clean data; access to reports
- Tools of technology (digital communications)

Communications: Framing Your Stewardship Message

Stewardship: *Underused Strategy to Keep Donors Close*

- Consistent communications on impact: “Gratitude Report”
- Concise messages without an ask
- Share stories:
  - Email a photo and quick story
  - Text a video
  - Mail a postcard with hand-written note
  - Welcome personal visits
- Tailor multi-channel communications according to donor preferences

Example: A Really Good Thank-You Letter



Protestant Cooperative Ministry at Cornell

The Reverend Quinn G. Caldwell, Chaplain
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January 25, 2023

[redacted]

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Dear Sarah,

Remembering is one of the central acts of religion. To re-member is to put the body back together, if only in our thoughts. It is to reconnect the members to their core and to one another. Without remembering, we risk flying apart, floating off into the ether alone, untethered from that which once gave us life. This is why one of Jesus' last commands, the one many of us repeat most often, was "Remember me." Put this body back together.

You have remembered us: in thinking of us, in praying for us, you have kept us alive in your memory and your imagination. You have also re-membered us: in the act of giving, you have put the body back together, knit yourself to the students currently involved with PCM, brought the body back to life.

Thank you for your generosity. Without you, this body would be maimed. With you, we are healed. It is good to be the body with you.

Christlove,

Quinn G. Caldwell

Quinn G. Caldwell, Chaplain

Please note our mailing address has changed to PO Box 7052, Ithaca, NY 14851.

It is more about the DONOR than the DOLLARS

3 Reasons to like this letter:

- Prompt
- Personal
- Powerful

What Do Supporters Want to See From You?

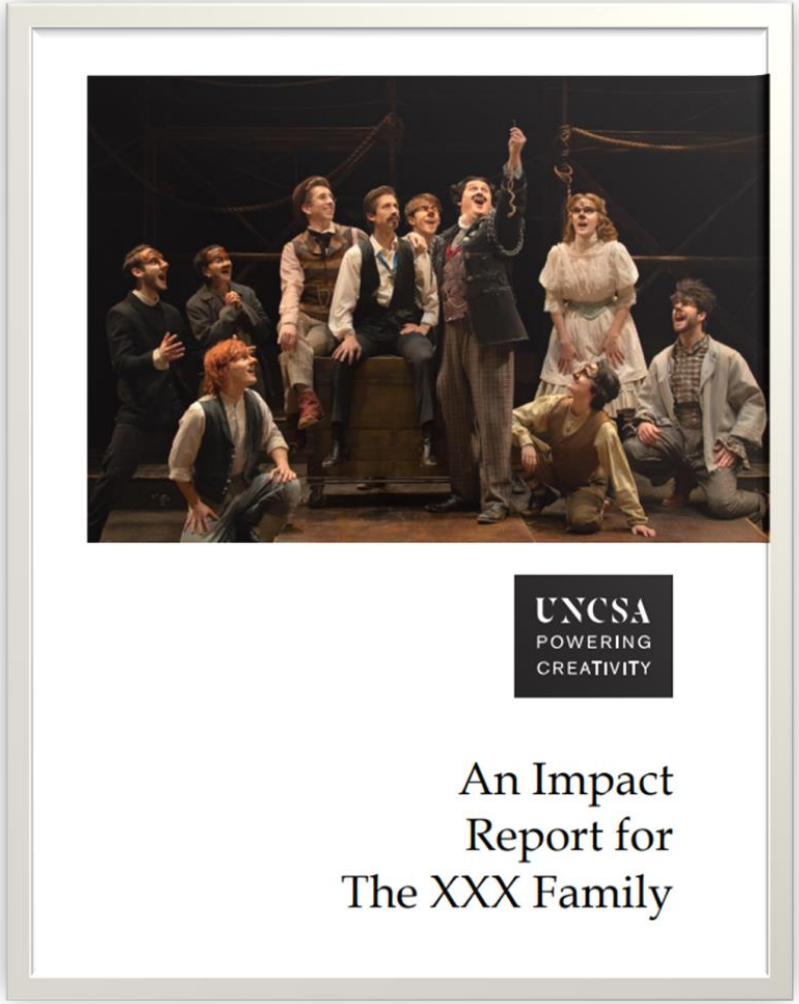
Show donors the impact of their giving!

A recent study of people who donate regularly found:

- 75% seek information about your **impact**
- 63% try to find **information on issues** you address
- 56% want a list of **specific projects** you support

***Lesson:** Consistently and strategically send **information donors want**!*

Example: Impact Statement



Share a Personal Impact Report with Major Donors

Example from UNCSA includes:

- Photos
- Personal letter
- Scholarship recipients; profile
- Endowment/funds; testimonials
- Narrative descriptions of impacts
- Total of AF giving + other gifts

Create a Board Stewardship Committee or Appointee

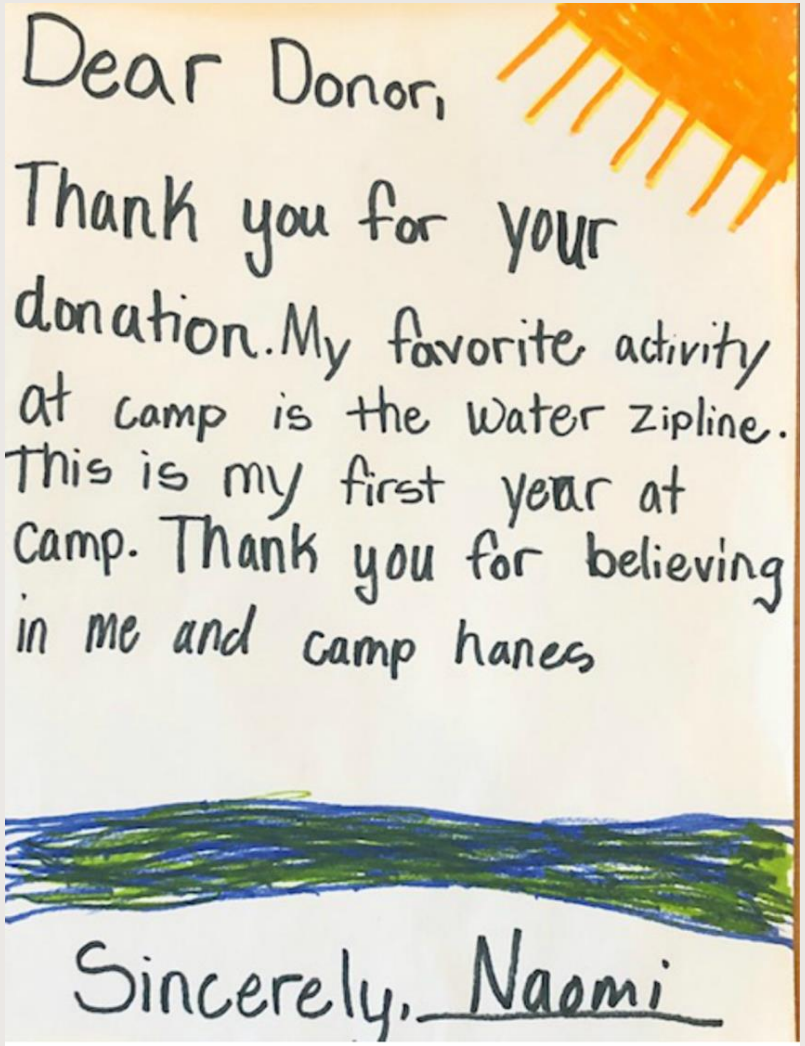
- Good stewardship is the anecdote to poor retention rates
- Create a board-level Stewardship Committee charged with thanking donors
- Research shows that increasing the donor retention rate by 10% increases the value of the donor base by at least 50% (and up to 200%)
- Having a board member call a first-time donor within 48 hours of them making a gift:
  - Increases donation amounts by 40%
  - Increases likelihood of a 2nd gift by 33%
- Thankers become Ambassadors

Good Stewardship Inspires Annual Giving

Use good stewardship to inspire (and retain!) annual donors & build sustainability:

- Segment and organize donors by giving tiers to **focus stewarding on high-value prospects**
- Create, utilize and regularly update a **stewardship matrix**
- Leverage **multi-channel outreach**, including: email, direct mail, social media, phone calls and visits
- Go beyond monetary appeals to **build relationships** with: engaging event opportunities, impact reports, stories, volunteer program opportunities, donor appreciation, etc.

Stewardship Done Well: 3 Touches



- Acknowledge – 3 touches
  - Thank-you letter
  - Personal notes from solicitor
  - Call from board member
  - Ask the donor how they would like to be thanked
- Appreciate – Clearly describe the value of the gift

  Where did the money go? What did it do? What impact did it have?
- Again…Again…Again…
  - Thank repeatedly and creatively
  - Engage donors throughout the year

Stewardship is done through timely actions that invoke feelings and encourage donor involvement.

Example: Stewardship Chart

Gift Level	Up to $1k	Up to $5k	Up to $10k	Up to $25k	Up to $50k	Up to $75k	Up to $100k	Up to $150k	Up to $300k	Up to $500k	$1M and up
Thank Yous											
Organizational thank you with personal note											
Thank you call from DOD or Executvie Director											
Thank you note/call from Board Chair											
Personalized memento or creative thank you											
Recognition											
Recognition on Social Media venues											
Recognition on donor lists											
Naming Opportunity											
Donor wall											
Feature article of donor in organization's publications											
Events											
Donor Invite to celebratory event											
Donor recognition/visibility at event											
Ongoing Stewardship											
Newsletter distribution list											
Invitation to organization's events											
Personalized note with update											
Invitation to visit and tour facility											
Personal visit from DOD and/or Board Member											

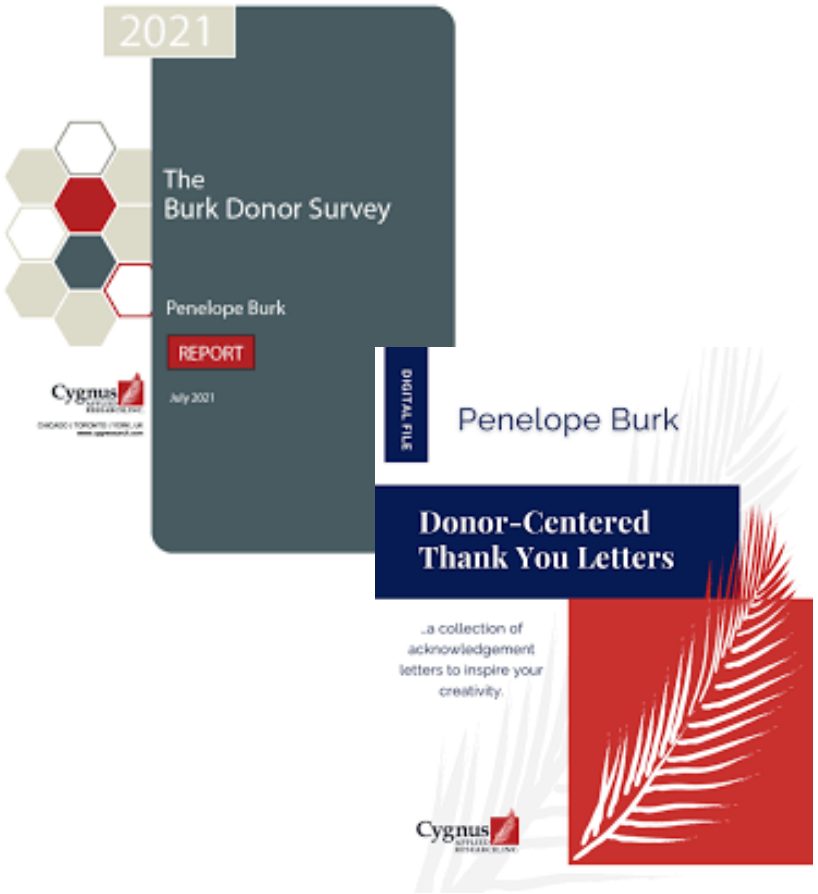
More Creative Ways to Say…

- Write a personal note; not a form thank you
- Share recent progress, however small or big
- Invite to a stewardship event that does not require a donation or make an overt ask
- Visit a donor just to say thank you
- Flowers, plant, book, chocolate…
- Board member thank you calls
- Send photos from events
- Give something made by the organization

10 Ways to Tell Donors They Made a Difference

1. Children's Art
2. Photo Book
3. Site Visit Video
4. Timely Mailed Gift
5. Video Testimonial
6. Handwritten Card
7. Call and/or Email
8. Face-to-Face Meeting
9. Personalized Gift
10. Memorialize the Gift

Why Showing Impact Matters



"What could unleash your philanthropy at a whole new level?"

Penelope Burk survey:

Almost 50% said they were not giving at full potential because **they hadn't received enough information** about how their philanthropy had been spent.

Takeaways

What is most helpful for you from this time:

- Examples of ways to steward donors
- Improved communications techniques
- Board engagement in stewardship
- Data on donor retention
- … what else?

" What did you take away from the meeting ? "

Thank you

Clare Jordan, CapDev

LaTanza Duncan, University of South Carolina

Q&A and Discussion