

AFP – NC Triad

Solving Dismal Donor Retention
with Superior Stewardship

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CapDev Presenters

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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



2022 AFP Confidence Survey

Measured
fundraisers'
confidence
levels

-

Scale of 1-10

Fundraisers are more optimistic now
since the pandemic began

Prioritized 11 areas (for Q1):

1. Donor retention (62%)
2. Major giving (54.5%)

-

Both require good **cultivation & stewardship**



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 Retention Rate: 41% | | | | Improved Retention 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 (%) = $(x-y/y) \times 100$
 - 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 = $(a-b/a) \times 100$
 - 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





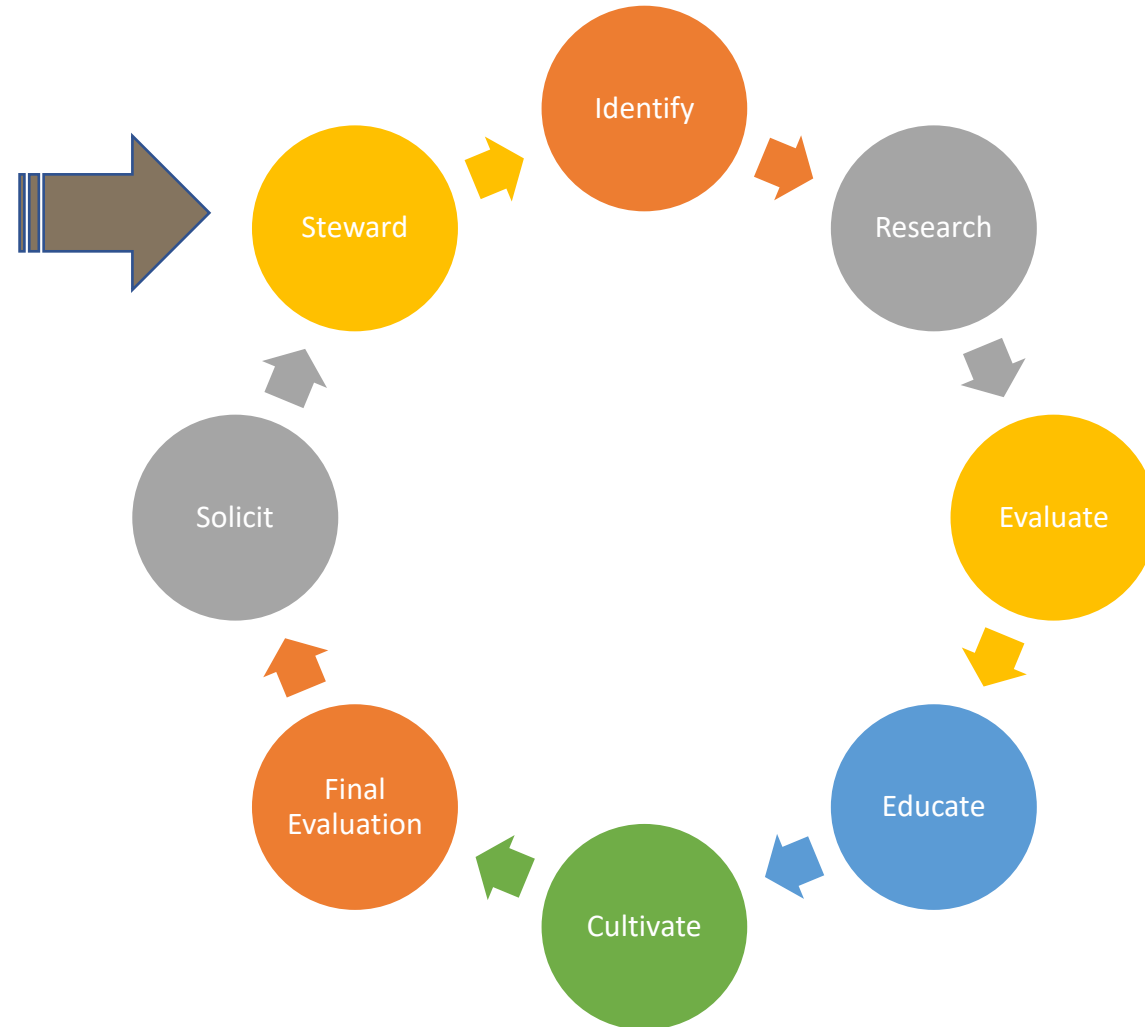
The Real Purpose of Stewardship

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



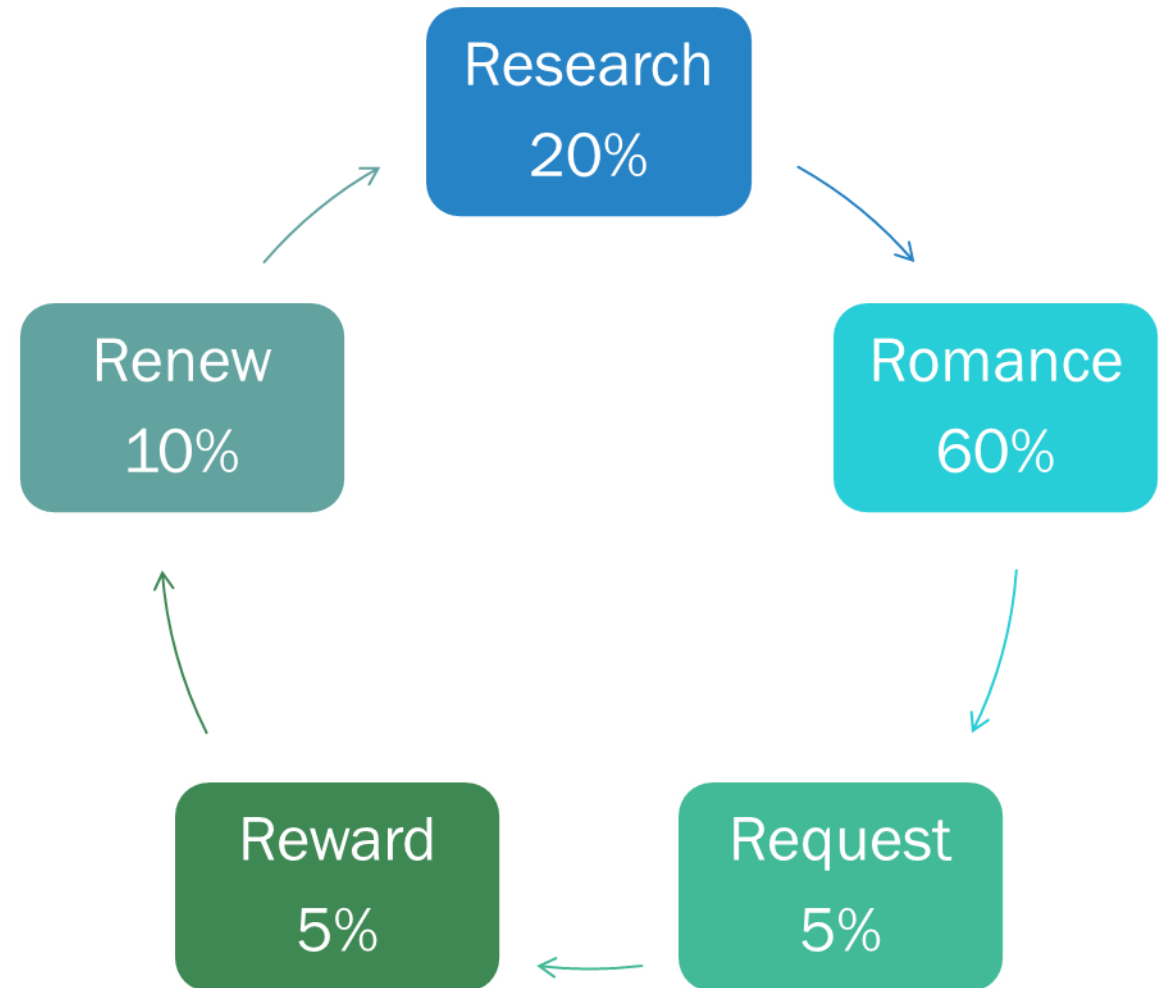


Consider the Donor's Perspective

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...

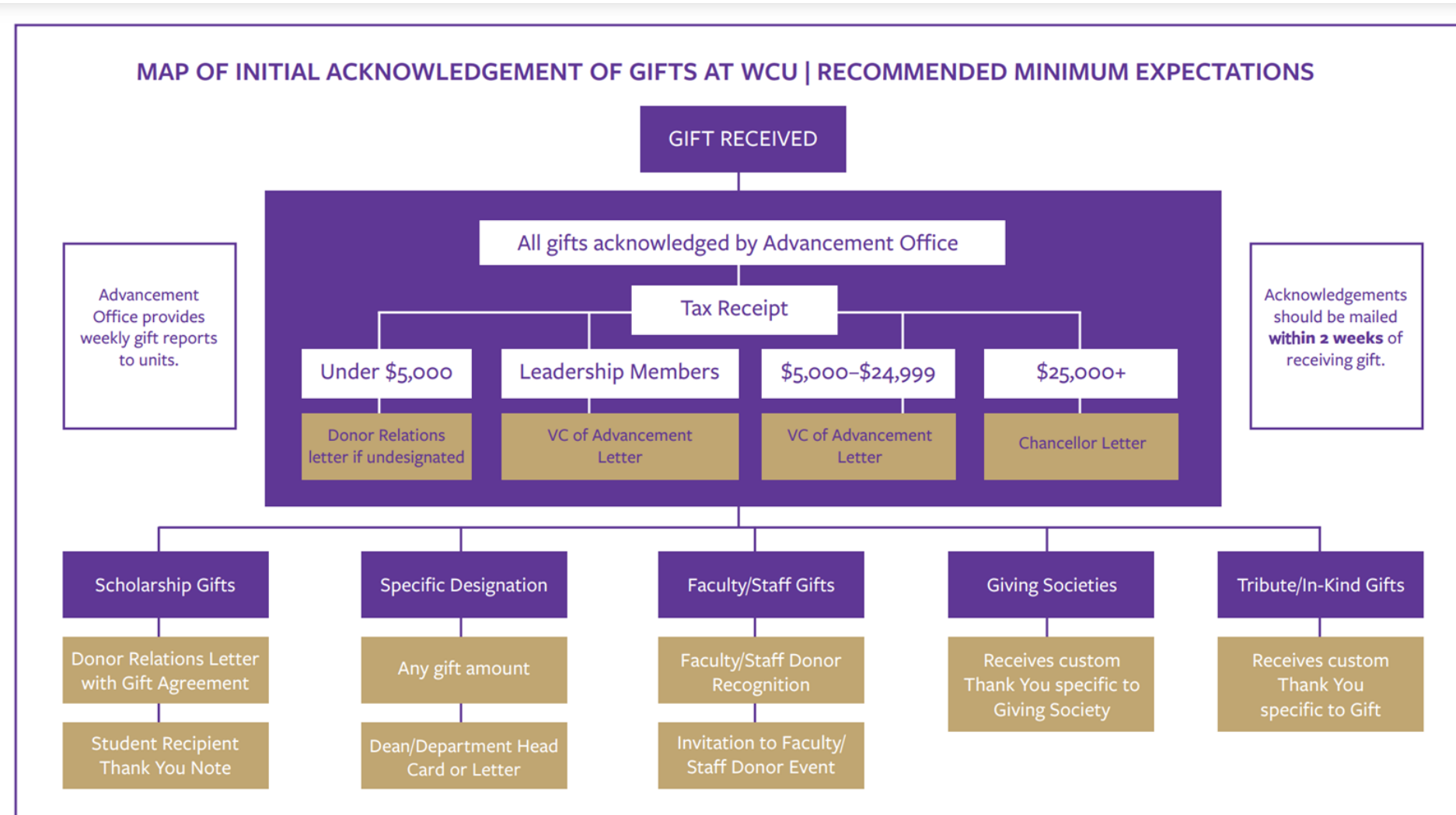
Going past the usual Thank You, Stewardship does these things:

- 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

Tapping into
the potential
of your
LYBUNT list

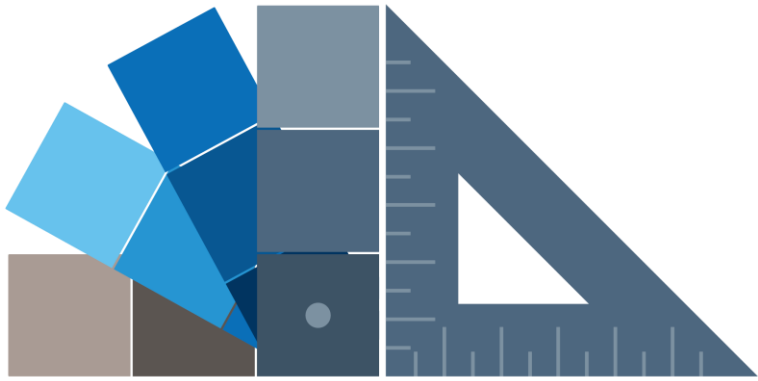


- LYBUNTS (last year but not this year)
- SYBUNTS (some years but not this yr.)
- Targeted segmenting
- Invite to non-FR events
- Follow-up:
 - Phone calls
 - Offer tours
 - Meet for coffee; home visits





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

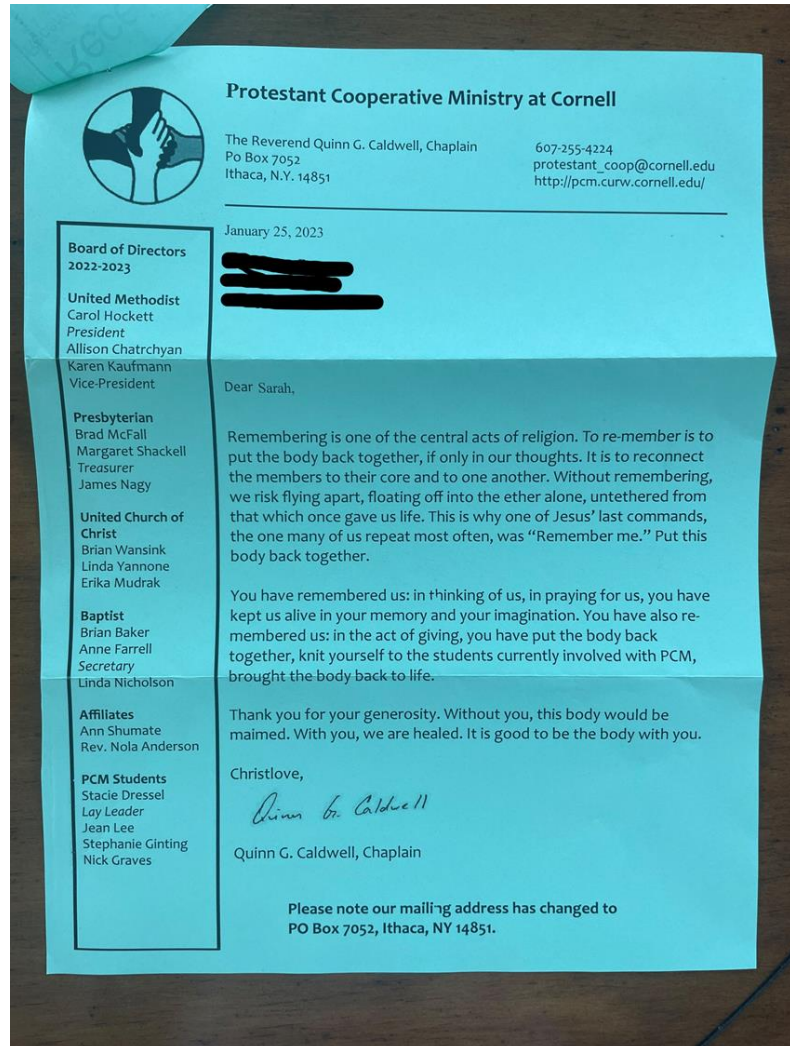
Stewardship: *Underused Strategy to Keep Donors Close*

Steward the *Donor* • Steward the *Gift*

- 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



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



An Impact
Report for
The XXX Family

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



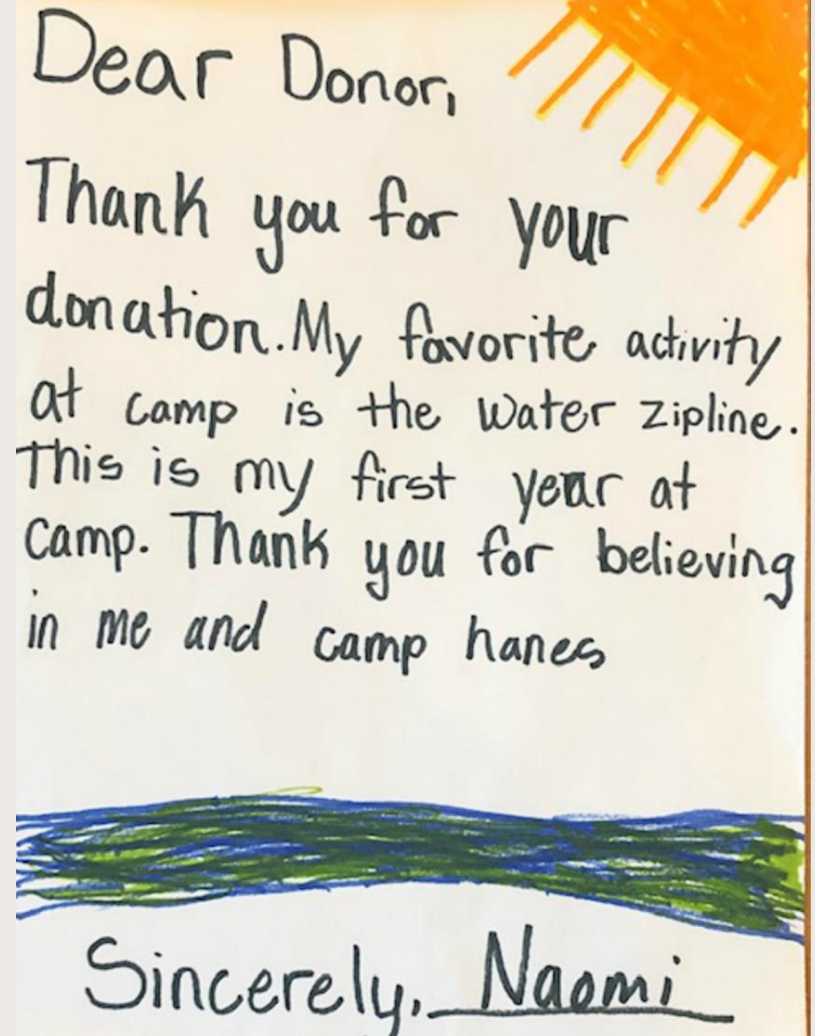
Good Stewardship Inspires Annual Giving

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



Dear Donor,
Thank you for your
donation. My favorite activity
at camp is the water zipline.
This is my first year at
camp. Thank you for believing
in me and camp hanes

Sincerely, Naomi

- **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



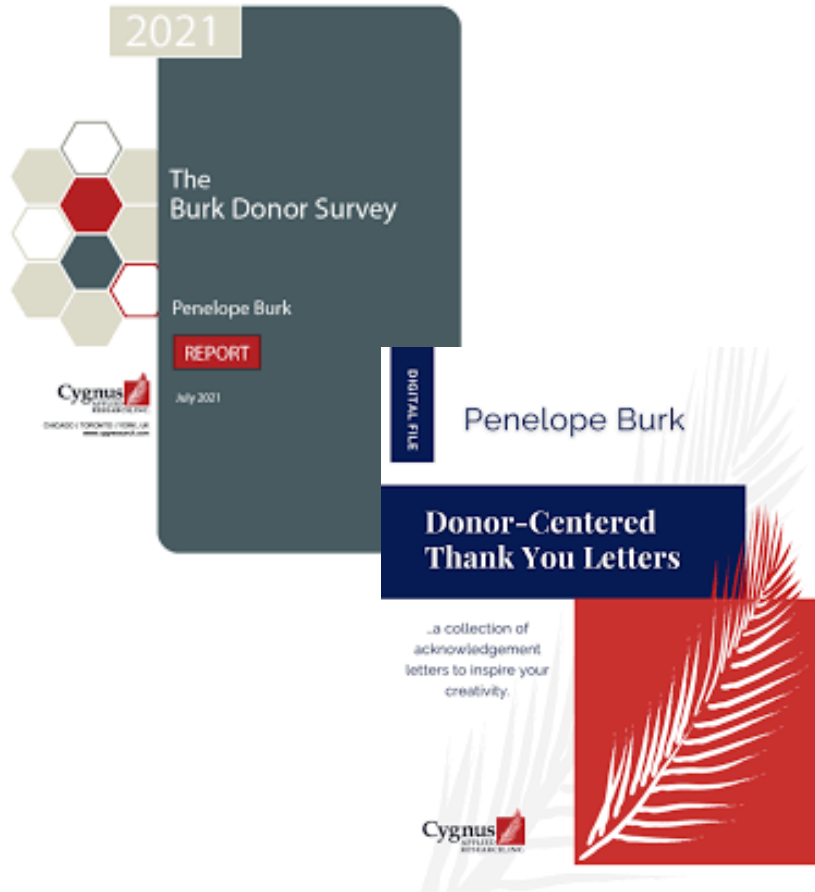
10 Ways to Tell Donors They Made a Difference

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

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Q&A and Discussion