



Fundraising Fundamentals

Wednesday, January 31, 2024
SEIU | 1800 Massachusetts Ave NW
Washington, DC
8:30 am - 5:05 pm

Fundraising Fundamentals

Direct Response Fundraising in Development





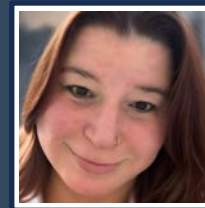
Donor Retention: Keeping Your Donors Engaged



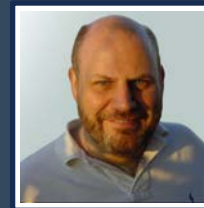
Yanni Saratsis
Vice President Client Services
NextAfter



Kristina Williams
Managing Director,
Membership Acquisition
Sierra Club



Victoria Heckler
Account Director
Mal Warwick Donordigital



Joe Harr
Marketing Strategist
AARP



1:00 pm – 1:45 pm

Measuring success

- Focus on outcomes not outputs



Measuring success

- Focus on outcomes not outputs
- Key metrics are channel agnostic



Measuring success



- Focus on outcomes not outputs
- Key metrics are channel agnostic
- Avoid vanity metrics
 - Metrics that measure outcomes, but not the desired outcome
 - Email open rate – is your desired outcome to get email opens?
 - Click rate, followers, impressions, exposures are often vanity metrics



Measuring success



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 - Acquisition is the investment
 - The return comes later, with resolicitation



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- Avoid ROI, especially in acquisition
 - Acquisition is the investment
 - The return comes later, with resolicitation
- What is the desired outcome in acquisition?



Measuring acquisition success

Goal of acquisition — to acquire as many qualified donors as possible at an acceptable cost

Key metric — cost per donor or cost per acquisition (CPD, CPA, CPO)

Note: avoid ROI



Measuring acquisition success

Cost per donor/Cost to Acquire calculation (total revenue - total costs) / donors

- Total revenue – all of the revenue from this campaign
 - across all channels, if this is a multi-channel campaign
- Total costs – all of the costs from this campaign
 - media (postage), list, production, backend premiums
 - agency, creative design and execution, staff
 - across all channels



Measuring acquisition success

Cost per donor/Cost to Acquire calculation (total revenue - total costs) / donors

- Donors – number responses from (new or reactivated) donors attributed to this campaign
 - across all channels, if this is a multi-channel campaign
 - incremental donors, when adding a new channel or effort



Measuring success – incrementality calculations

- When adding a new channel or effort to a program with many existing channels and efforts
- Measure the incrementality, the additional orders that the new channel or effort ads
- A holdout test is the most common, simplest way to do this



Donor Resolicitation, Retention and Upgrades

- Focus on outcomes not outputs
- Key metrics are channel agnostic
- Avoid vanity metrics
- If you must use ROI, now is the time to start measuring it
 - Acquisition is the investment
 - The return is all resolicitation, which is lifetime value
- What is the desired outcome in this campaign? For the donor?
For the organization?



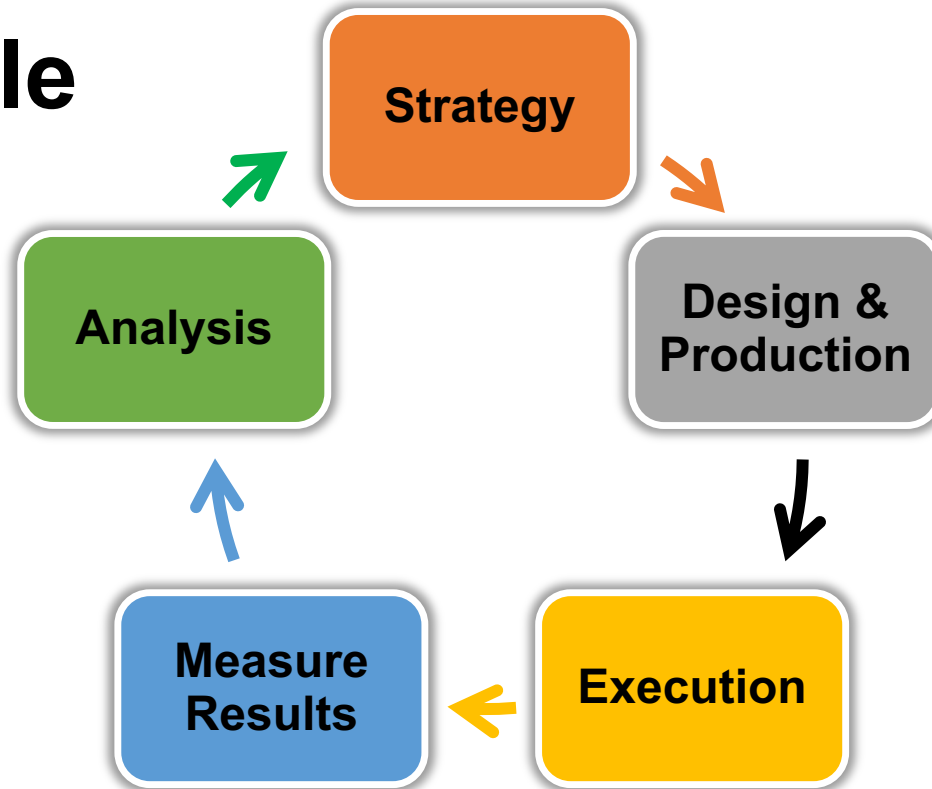
Donor Resolicitation, Retention and Upgrades

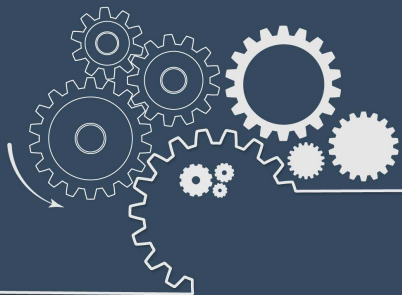
How you define success depends on your desired outcome:

- Net revenue
- Net per thousand (NPM)
- Number of donors
- Donor retention
- Renewal rate
- Lifetime value or long-term value (LTV)
- Sustainer recruitment
- Mid-level and high dollar cultivation



Analysis Cycle





Donor Retention: Keeping Your Donors Engaged



Yanni Saratsis
Vice President Client Services
NextAfter



Kristina Williams
Managing Director,
Membership Acquisition
Sierra Club



Joe Harr
Marketing Strategist
AARP



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Direct Marketing Association of Washington

2:00 pm – 3:00 pm

Donor Resolicitation, Retention and Upgrades

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Donor Resolicitation, Retention and Upgrades

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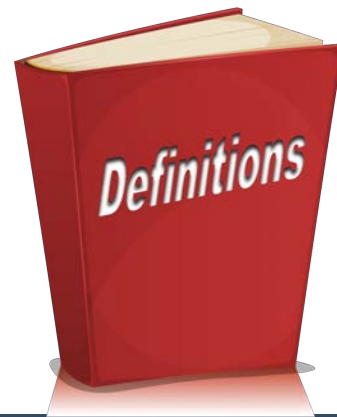
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Donor Retention: Keeping Your Donors Engaged

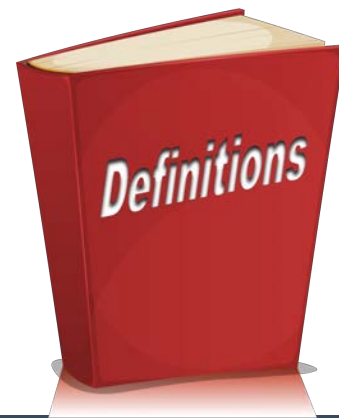
Metrics

- Net revenue: Total revenue less total costs; measures profitability of one campaign or effort
- Net per thousand (NPM) Net revenue/Number mailed (in thousands); used as a measure of fundraising effectiveness.
- Number of donors
- Donor retention; how many donors who gave last year gave again in this year; generally measured by donor life cycle



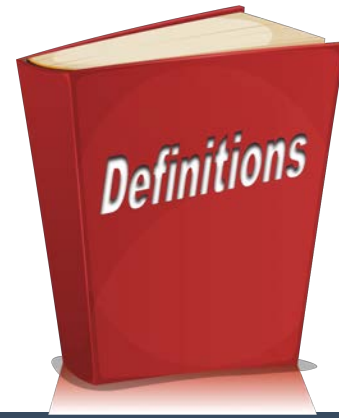
Donor Retention: Keeping Your Donors Engaged

- Donor life-cycle: common descriptions for how long a donor has been affiliated with an organization. Generally New, 1st New Renewed, Lapsed, Lapsed reactivated, Multi-year (often broken-out in 2 year, 3 year 4 year and 5+ years)
- Renewal rate: percentage of universe that renew their support; may also be referred to as a conversion rate or reactivation rate depending on the type of campaign.
- Sustainer recruitment: number of new or reactivated monthly donors that pledge in a campaign or effort.



Donor Retention: Keeping Your Donors Engaged

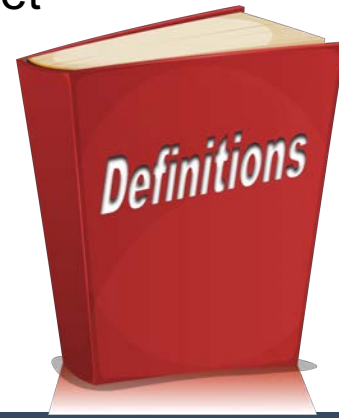
- Long-term value. The value of donors over a longer period of time. Typically measured in 3-year or 5-year increments.



Using Data to Drive Strategy

RFM: **R**ecency (when a donor last gave); **F**requency (how often or how many gifts a donor has given); **M**onetary or **M**agnitude (what is the largest amount a donor has given). These are key metrics used in direct mail segmentation and analysis.

Segmentation: Grouping subsets of donor data based on a defined set of parameters.



What does a successful donor journey look like?

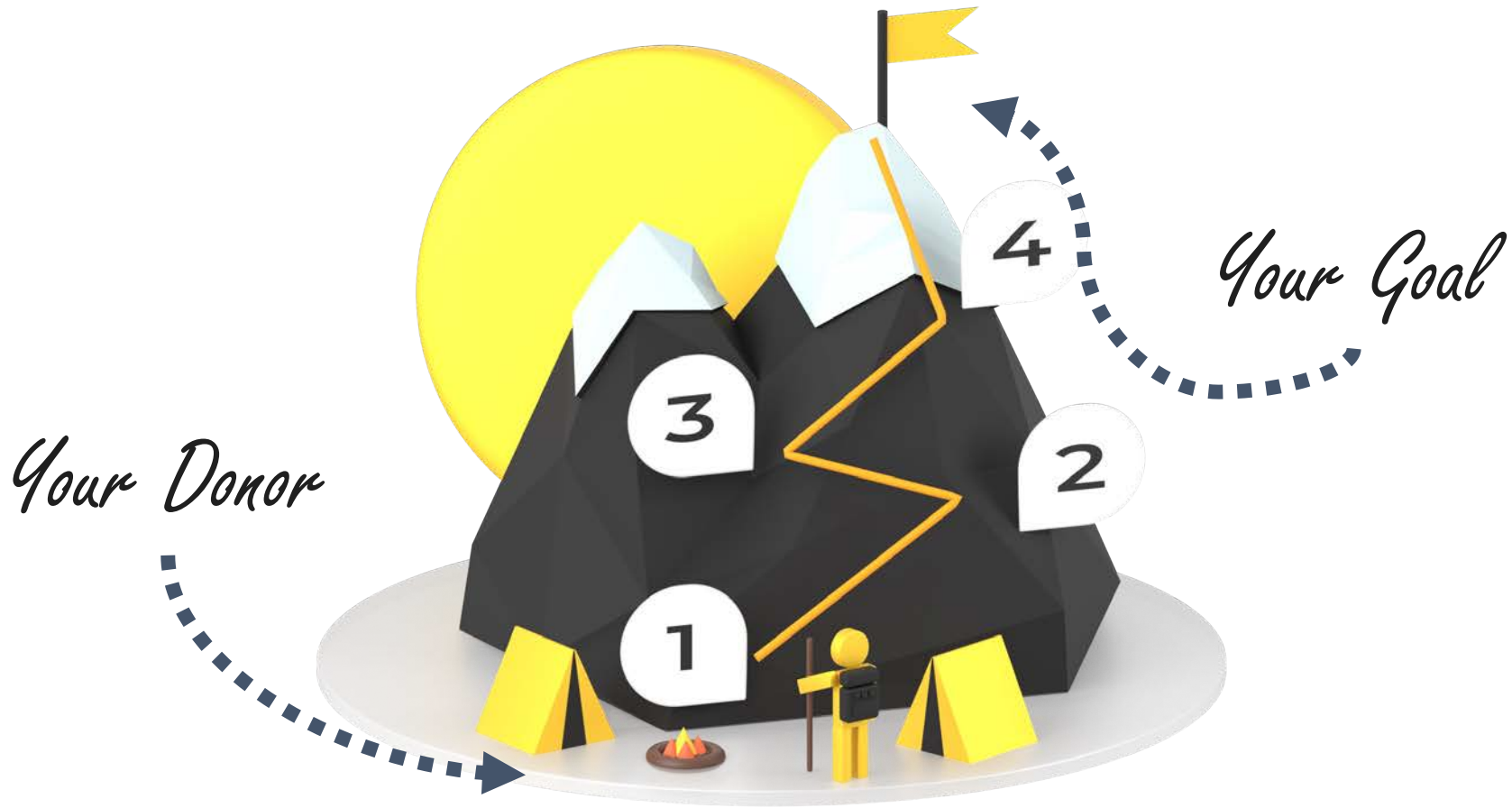
A donor journey should be looked at from the perspective of a donor mountain, NOT a donor funnel.

Why? You (the organization) needs to do the work to steward the donor up the mountain.

When looking at acquisition, we like to follow the 'mountain' path.







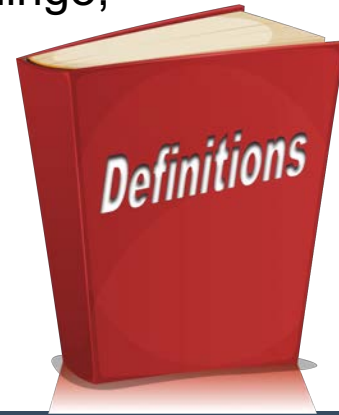


**YOU ARE
THE GUIDE**

Donor Retention

Acknowledgement — a letter or email recognizing a donor's recent gift.

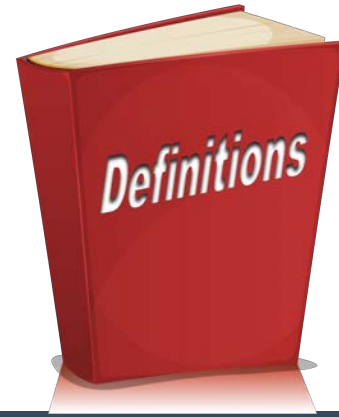
Cultivation (sometimes used interchangeably with “stewardship”) — the process of building a relationship with your donor(s), engaging with them, and getting them to give again (and again). In direct marketing lingo, “cultivation” often refers to a type of communication with a donor which **does not** include a hard ask — an envelope is not an ask.



Donor Retention

Donor Journey/Experience — the sequential path an organization's supporters follow to learn about your organization, become interested in its mission and goals, are motivated to give, and remain engaged with the organization afterward (so they can continue to give).

Retention — engaging existing donors so that they continue to support your organization year after year.



Donor Retention — Donor Experience

Focus on big milestones:



Acquisition

Donor Retention — Donor Experience

Focus on big milestones:



Acquisition

Thank You

Donor Retention — Acknowledgement Program Elements

- Elements of Winning Ack Program
 - Timing/Turnaround — As quickly as possible!
 - Which gifts to acknowledge?
 - Legally — gifts of \$250+
 - Best Practice — All gifts should get a (hard copy) acknowledgement if your org can manage it
 - To save on cost, consider email acks for online donors.
- Separate Welcome Series
 - May be first gift or new giving level or club, monthly donors.



Donor Retention — Acknowledgement Program Elements (cont.)

- An acknowledgement is more than just a tax receipt, it is a relationship-building tool — personalization, conversational & grateful tone.



Donor Retention — Acknowledgement Program Elements (cont.)

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- Second Gift Conversion — to include or not to include (what's right for your org)?



Donor Retention — Acknowledgement Program Elements (cont.)

- An acknowledgement is more than just a tax receipt, it is a relationship-building tool — personalization, conversational & grateful tone.
- Second Gift Conversion — to include or not to include (what's right for your org)?
- How to get repeat gifts – ASK!



Donor Retention — Donor Experience

Focus on big milestones:

Acquisition

Thank You

Second Gift
Ask

Donor Retention — How to get Second, Third Gifts?

- Channels are similar, strategies will differ.
 - Copy — tone, topics, art might all be different.
 - Acknowledge that they've already given and address why you still need more \$\$ NOW (urgency is key).
 - Include impact of giving.



Donor Retention — How to get Second, Third Gifts? (cont.)

- Personalization
 - Since you have more info on donor, can be more specific.
 - Ask amounts.
 - Name, previous gifts, potentially specific interests, etc.
 - Too much can feel forced and be counter productive.



Donor Retention — How to get Second, Third Gifts? (cont.)

- Personalization
 - Since you have more info on donor, can be more specific.
 - Ask amounts.
 - Name, previous gifts, potentially specific interests, etc.
 - Too much can feel forced and be counter productive.
- Timing
 - Renewals vs. Additional asks.



Donor Retention — Donor Experience

Focus on big milestones:

Acquisition

Thank You

Second Gift
Ask

Cultivation

Winning Cultivation Strategies

- “People give to people.”
- Gratitude Messages: phone; written; email; text.
- Impact Reporting - describe the impact of donors’ gifts.
- Anniversary/Milestone Acknowledgements.
- 1-to-1 Communications vs. Mass Marketing.
 - “Handwritten” notes/personalization and emails that are plain text.
 - Segmentation & Targeting for Cultivation.
 - You don’t need to do ALL of this for EVERYONE – but you should be doing SOME of this for EVERYONE.
 - Real Pen Personalization, Handwritten fonts, Digital Printing.



Donor Retention — Donor Experience

Focus on big milestones:

Acquisition

Thank You

Second Gift
Ask

Cultivation

Appeals/
Renewals

Donor Retention — Donor Experience

Focus on big milestones:

Acquisition

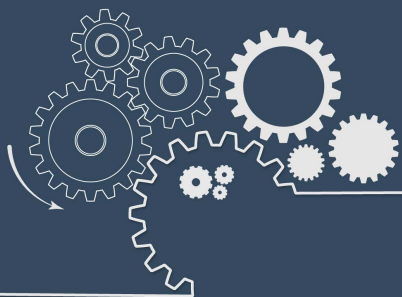
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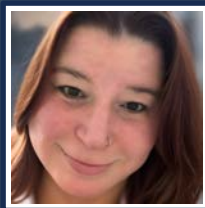
Upgrade Asks



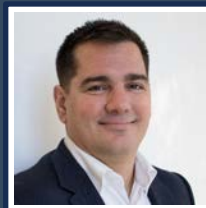
Donor Upgrades: Inspiring Your Donors to Give More!



Kristina Williams
Managing Director,
Membership Acquisition
Sierra Club



Victoria Heckler
Account Director
Mal Warwick Donordigital



Yanni Saratsis
Vice President Client Services
NextAfter



3:15 pm – 4:15 pm

Donor Upgrades

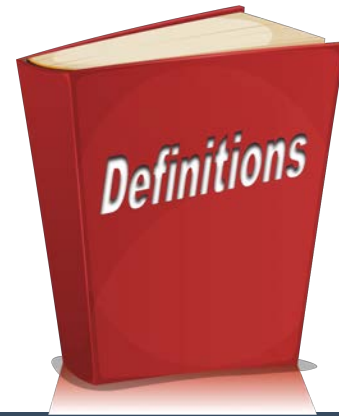
- Pipeline Upgrades (low\$>midlevel>major>legacy).
 - This is where multichannel efforts should be the focus — offline and online can work in concert to try and upgrade donors.
 - A lot of your major donors started their lives as small, \$10 donors, and have been cultivated over the years to grow their giving.
 - Don't ignore those small donors!
 - If your email system supports it, you can create an automated email series to steward donors (also known as a "drip" campaign
- Sustainer (upgrade by frequency)
- Marketing specifically for “other” ways to give — DAF gifts, IRA, stock gifts, crypto, etc.



Donor Upgrades: Inspiring your donors to give more

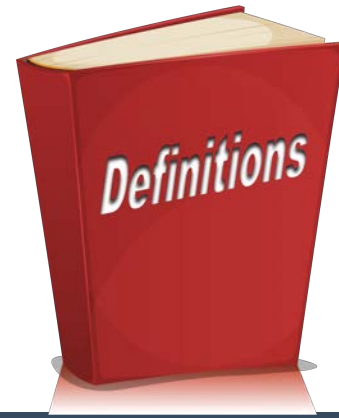
Upgrade: Marketing efforts tied to increasing the donors' value to the organization. Both increasing gift frequency.

Cultivation: The process of learning about, engaging with, and ultimately converting your audience into repeat supporters.



Donor Upgrades: Inspiring your donors to give more

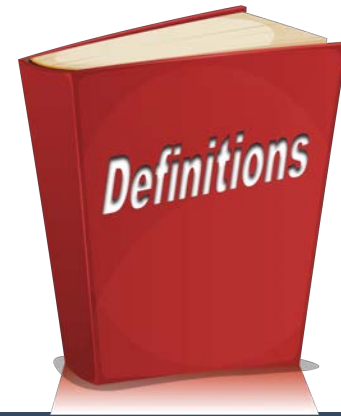
Stewardship: Donor stewardship is the relationship-building process that occurs after a donor makes a gift. The main purpose of stewarding your donors is to inspire them to give again.



Donor Upgrades: Inspiring your donors to give more

Donor Advised Fund (DAF): A charitable investment account for the sole purpose of supporting C3 charitable organizations.

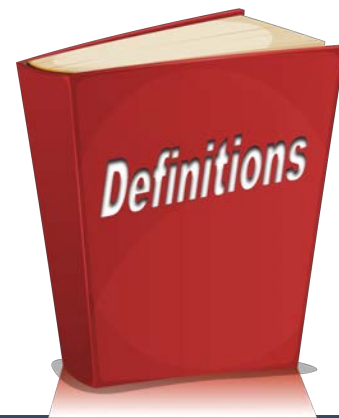
Sustainer: Regular support of the organization. Generally monthly, although donors can give quarterly or annually.



Donor Upgrades: Inspiring your donors to give more

HPC: Highest Previous Contribution. Maybe time bound for example HPC24.

MRC: Most Recent Contribution. The last gift a donor has made.
Also called **MRG**.



Donor Retention — Donor Experience

Focus on big milestones:

Acquisition

Thank You

Second Gift
Ask

Cultivation

Appeals/
Renewals

Upgrade Asks

Sustainer
Invitation

Anatomy of a Successful Sustainer Program

- Make sure your internal processes can accommodate monthly givers
 - Acknowledgements
 - Cultivation
 - Recapture
 - Maintenance
 - Upgrades
 - Customer Service
 - Database/CRM



Anatomy of a Successful Sustainer Program

- Invitation/Acquisition
 - Online/Email
 - Direct Mail
 - Telemarketing/SMS
 - Face to Face
 - DRTV/Connected TV



Anatomy of a Sustainer Program cont'd

- Stewardship/Cultivation
- Upgrading
- Receipting/Acknowledgement
 - Annual Receipts
 - C3 vs. C4 — do you acknowledge C4 sustainers?
 - Online Sustainers - Automated Thank You after each gift?



Anatomy of a Sustainer Program cont'd

- 1x Asks in Appeals — frequency and call out their monthly support.
- Think through how and when a sustainer is communicated with . . . do you add them to all mailings/emails/digital targeting? Do you leave them off in general but add in select appeals?
- And don't ask them to become a sustainer in a 1-time appeal.



Donor Retention — Donor Experience

Focus on big milestones:

Acquisition

Thank You

Second Gift
Ask

Cultivation

Appeals/
Renewals

Upgrade Asks

Sustainer
Invitation

Mid Major
Giving

Midlevel & Major Marketing Strategies

- “Midlevel” vs. “Bridge”
 - Midlevel programs should be deliberate — not an afterthought; should not be “shoehorned” into or out of the low\$ DM program schedule.



Midlevel & Major Marketing Strategies

- Successful Strategies
 - Acquisition - either by upgrading from low\$ DM or specifically targeting via acquisition channels.
 - You need to ask to get — do not gatekeep your midlevel donors
 - Most of these donors upgraded from low\$ DM – don't stop mailing them, maybe email them in a different fashion.
 - Layer on personalization and personal contact - midlevel donors like to feel connected to your organization — give them “insider access”
 - Newsletters, briefings, Zoom calls, meetings, they like to be in the know.



Midlevel & Major Marketing Strategies

- Treat them like “investors” – they’re “shopping for impact.”
- Midlevel donors are seeking out a peer group - folks that share their philanthropic interests.
- Many midlevels are just starting out in their philanthropy – they looking to the orgs they support for guidance on how to spend their charitable \$\$\$
- DAFs – market to donors who have given via DAF in the past, etc.
- Making the jump to Majors
 - How has this changed since the pandemic, with the lack of in-person contact?
- Contact Cadence



Donor Retention — Donor Experience

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Upgrade Asks

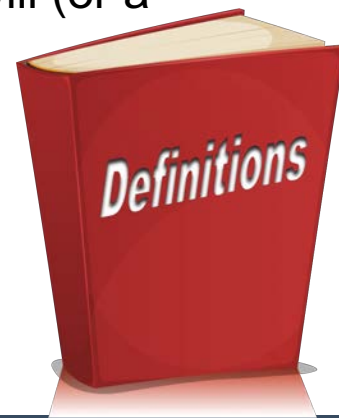
Sustainer
Invitation

Mid Major
Giving

Legacy Giving

Planned Giving — Key Definitions

- **“Planned Gift”** — a gift, current or deferred or both, that is not made from cash/credit cards but rather from assets. 90%+ of all “planned gifts” are legacy gifts in a will or living trust.
- **Bequest:** A deferred gift of money or assets under the terms of a will (or a living trust)
- **Legacy gift:** a gift that arrives after a donor’s lifetime. Includes bequests and beneficiary designations and donor can change their plan at any time. **(CGA)**



How does Planned Giving relate to direct response fundraising

Direct Response donors are generally excellent PG prospects.

Most of the planned gifts are coming from direct response donors.

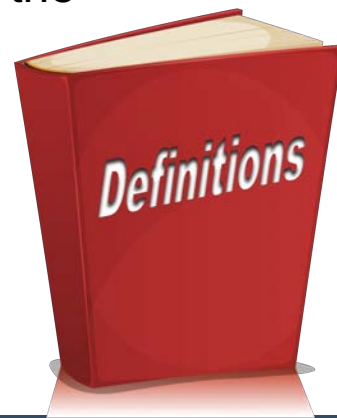
Purposeful about marketing PG to the direct response.

Opportunities outside of development in newsletters, etc.



Planned Giving — Key Definitions

- **QCD:** Qualified charitable distribution or IRA Rollover gift.
A current (lifetime) gift made directly from a donor's IRA to charity. Only available to donors aged 70.5 or older.
- **Beneficiary designation:** A deferred gift made when a charity is named as the recipient of life insurance proceeds or retirement plan benefits after the person's lifetime.



PG Marketing is still Marketing . . .

- Lead Generation
 - Identify donors with propensity for leaving a planned gift.
- Qualification
 - Confirm interest & timing.
- Cultivation
 - Maintain relationship and interest between donor and organization.



PG Marketing is still Marketing . . .

- Solicitation
 - Asking for the right legacy gift at the right time (when donor is creating or updating estate plan).
- Stewardship/Retention
 - Over 40% of legacy gifts will be lost to attrition.
 - Overall organization stewardship is more important than legacy-specific stewardship.



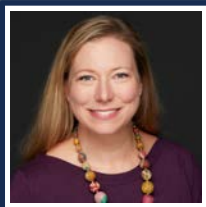
. . . With a few key differences

1. Donors do not have to reply.
2. Campaign results are not monetary and can be harder to measure.
3. Response metrics are different.
4. ROI cannot be measured campaign by campaign.
5. People update their will around 45-50, at retirement, and a few years before they die. Updates are always connected to a larger life transition. This gives us at least 3 opportunities for a planned gift — the marketing impact is cumulative.





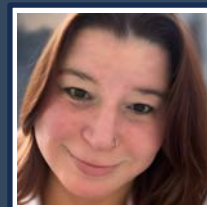
Where Do We Go From Here?



Mikaela King
Chief of Membership Growth
Sierra Club



Yanni Saratsis
Vice President Client Services
NextAfter



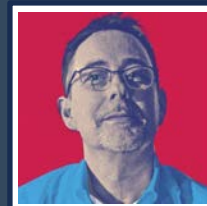
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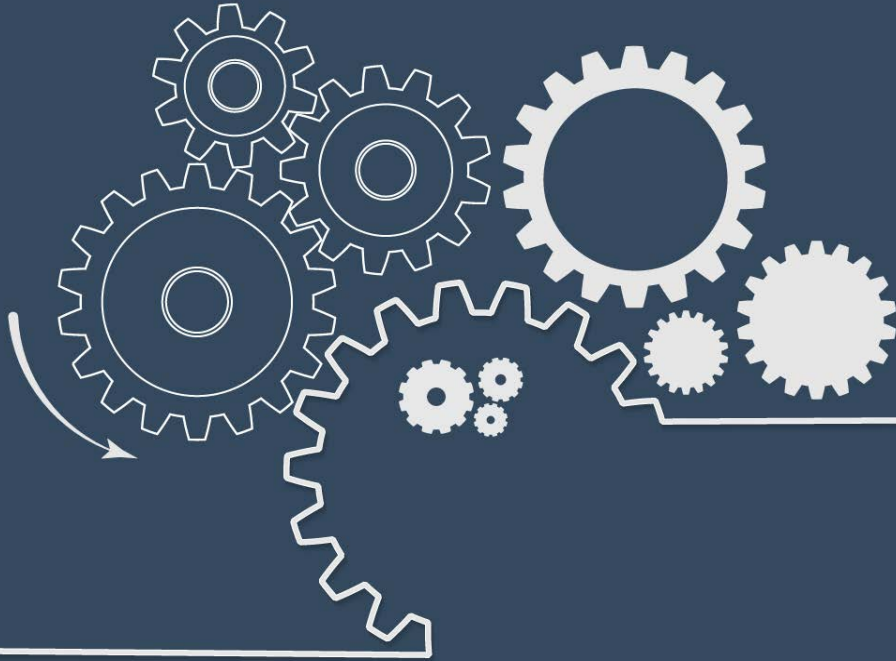
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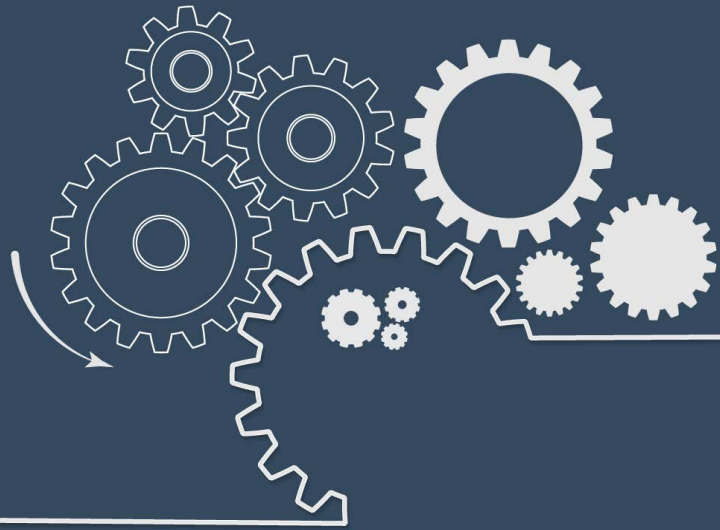
Steven D. Fleshman
Founder/Creative Partner
DR2

4:15 pm – 5:00 pm

DMAW
Direct Marketing Association of Washington



THANK YOU!



CLOSING REMARKS

Joe Goetz
Principal & Managing Director
Patriot Fundraising



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