



From the AACT Resource Library

Fundraising: From Generosity to Loyalty

By Jane McGrath

You have no doubt experienced being generous as well as receiving generosity both personally and as a fundraiser to the organization you serve. Reflecting on exactly what generosity is, and what it means to our donors, enables nonprofit leaders to steward it toward loyalty. When generosity becomes loyalty, it builds value for our causes.

Following is how some noted psychologists and researchers view generosity and how we can apply their perspectives in our communications strategies to enrich both our organizations and our donors.

What is Generosity?

In humility, it's such an honor to serve donors by inviting them to help solve a problem they have a passion to solve. In doing so, they get to champion a better life for beneficiaries, whether people, animals, the environment, or the social cause of their choice.

At its core, fundraising is about developing generous donor relationships. Such relationships build loyalty and trust in our organization's partnership over time, thus fulfilling the donor's passion and the mission of our cause. Consider that the Latin root word of philanthropy is "anthropos," meaning "mankind." Coupled with "philo," philanthropy means "love of mankind" (The Etymology Dictionary). Johnson Center for Philanthropy further suggests that philanthropy includes the love of mankind into the future, proposing that philanthropy impacts beneficiaries' well-being into the future.

As that powerful concept settles in, any gift can be considered generosity, given a deeper relationship, loyal donors over time can impact beneficiaries to an even higher degree.

Understanding generosity helps fundraisers to think about the work through the lens of the donor experience, an outside-in view instead of an organizational inside-out view. With that mindset, you can meet donors where they are in their journeys and provide a way to solve the problem they are passionate to solve.

Christian B. Miller, professor at Wake Forest University, agrees with most that generosity is “donating something of value to you” and “not focusing on oneself,” essentially giving for the well-being of another regardless of whether it benefits the giver. Miller takes it a step further and raises this question: Is there such a thing as altruistic motivation?

According to the work of psychologist, C. Daniel Batson from University of Kansas, there’s good reason to say yes; however, a study he conducted indicates that altruistic motivation happens only through empathy, essentially putting ourselves in the place of another and taking on their need, emotionally, physically, and or spiritually.

How to Make This Happen

Consider this. Fundraisers have a unique opportunity to serve not only the beneficiaries of our programs but also our donors as beneficiaries of our organization’s work. By viewing fundraising through the lens of our donors, listening to them, their passions, and what they are empathic to, we can help them solve a problem only through their partnership. When donor relationships are approached this way, fundraisers are better equipped to build relationships where there is moral freedom in giving, a third point that Miller addresses in his work. Essentially, generosity is rooted in sacrificial giving, caring for others above self, and with moral freedom meaning giving out of personal desire not from feelings of guilt.

And so, to increase generosity over time and develop long lasting donor relationships that increase long term value for organizations, make sure to:

- 1) Connect with individuals who are empathic to and passionate to solve the problem.
- 2) Tell your story of the need being addressed in authentic and emotive ways; and 3) Engage constituents in a deepening relationship with your beneficiaries and your organizations. Strong retention strategies to this end can create healthy, value-building donor files. Retention over time builds loyal partnerships that increase the revenue that fuels our cause.

As you likely know, the baseline donor process is “ask, thank, report back, and ask again.” Yes, this process will increase giving and retention, but there is a grander view. A value-building donor relationship is seated in a strong retention strategy that involves more than the baseline process. Generous donors don’t become loyal by accident, nor do they become increasingly valuable just by time on file. It is stewardship, sowing back into the lives of our donors, and involving them in more than the baseline process, that maximizes retention and exponentially increases the performance of our donor file. More value is added at less expense than a new acquisition.

By identifying loyal segments of your donor list, based on the point in your relationship when they’ve reached higher key metrics, such as average gift amount, increased gifts per year, and greatly increased income per donor, you have the best opportunity to produce more value to your organization and potentially higher net value to fuel your programs.

Building Loyalty Through Your Communication Strategy

The first steps in applying these concepts to your organization's communications strategy are to know your file, decide the best way to track retention, and determine the point at which your donor value produces strong income per donor and net revenue to the organization.

- Know the point at which your donors become exponentially more valuable and gear communication strategies toward this end.
- Track your retention rates year-over-year.
- Invest in acquisition to keep your core file healthy and valuable.

Here are just a few ideas for going beyond the baseline donor communication process in meaningful, retention-building ways:

- Personalize all communication and channel mix as much as possible. Data-informed communication allows you to customize messaging and channel preferences that make the donor feel known and appreciated as a true partner in the mission.
- Regularly send genuine, compelling stories of how your donors' generosity is impacting the lives of beneficiaries.
- Invite donors (general mass market, major, and planned gift donors) to conference calls (Zooms, tele-conference calls, webinars) where your leadership shares the "inside scoop" on the mission that is dear to their hearts. It's also an excellent touch point where thank-yous can be very genuine.
- Invite donors to volunteer. For example, invite them to serve in the soup kitchen, to lead nature hikes through impacted land, or for faith-based nonprofits, to pray over the ministry and beneficiaries.
- Push out content that blesses your donors, sowing back into their personal lives with content they can use and share in their communities.
- Make giving easy. The giving process should not be difficult, and don't forget to suggest monthly giving for ongoing impact with ease.

Generosity is not mutually exclusive. It's reciprocal; it goes both ways, and when done well, it increases retention rate, donor value and net revenue to the organization. It increases the true partnership experience for your donors.

In all parts of the donor pipeline, from general to major and planned giving, fundraisers get to be the conduits that help connect the donor to the beneficiary. The generosity of the donor to beneficiary is only one half of the generosity equation. Our generosity back to our donors from the organization and on behalf of the beneficiaries of their gifts takes generosity to the point of loyalty and that's where missions are accomplished.

Jane McGrath is the director of Digital Transformation & Partnerships at American Bible Society.