

Building Donor Loyalty

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1. A Goal For Every Organization

When we set fundraising goals, we usually express them in terms of dollars. However, the major fundraising goal of any organization should be to build a base of loyal, supportive donors who give money year after year, campaign after campaign. It is that base of loyal, supportive donors upon which the financial goals of every campaign are built, making donor loyalty the most critical element of long-term fundraising success.

There is only bigger sin than allowing the first gift received from a donor to become the only gift received from that donor. And that is allowing the most recent gift from a donor who has made *multiple* gifts to become the last gift from that donor. That's because the longer a donor gives to an organization the more likely those gifts are to grow in size and frequency.

We must strive to hold onto every donor by consciously and actively working to build donor loyalty.

Three Basic Truths Of Donor Loyalty

The three basic truths of donor loyalty are:

1. Organizations are not entitled to donor loyalty: They must first earn it and then constantly re-earn it.
2. Building donor loyalty is not magic: It is simply hard work on the part of people who are thoroughly prepared.
3. You don't wait for the "right" time to build donor loyalty: You do it all the time.

There is a path down which we must walk to achieve donor loyalty. It's not a path that twists in one direction and then turns in another. It is as straight as they come, but it is narrow. It's not hard to follow, but once we step off it, regaining our footing is very hard. Donor loyalty is achieved by responding to our donors with:

- Active cultivation
- Careful consideration
- Respectful appreciation

We must always cultivate relationships with our donors, treat our donors with consideration for their beliefs and feelings, and express our gratitude with appropriate, heartfelt thanks.

To understand the value of building donor loyalty and cultivating relationships with individual donors, all one needs to do is take a look at where gifts to nonprofit organizations usually come from year after year. About 85% of contributed income comes from private individuals--75%

from living individuals, and 10% in the form of bequests. Foundations grant 10% and corporations give the remaining 5%.

Year in and year out, the vast majority of gifts to nonprofit organizations come from private individuals. That's why cultivating and maintaining relationships with them is crucially important. Relationships with individual donors are highly valuable resources. Cultivate them well and you will harvest rewards year after year, but you will lose your donors if you fail to understand:

- Who they are
- What they need and want
- And how and why they give.

When an organization loses a repeat donor, it loses in two ways. First, a lost donor is lost not only for this year, but for every year to follow. Secondly, the hoped for gifts from every lost donor will have to be replaced with money from new donors, and replacing a lost donor is usually not a one-for-one exchange. That's because in general, the longer a donor gives to an organization, the more frequent and larger those gifts become.

The "Climate" For Donor Loyalty

Having recognized the importance of donor loyalty to the long-term financial health of an organization, we need to ask ourselves what the climate for donor loyalty is at this time.

A survey taken in 2002 tells a large part of the tale: Barna Research Group interviewed 1,012 adults by telephone. The results show a weakening of both donor loyalty and donor confidence in nonprofits.

- Over the past five years, the percentage of people who give to nonprofits has dropped from 87% to 69%. That's the lowest it has been.
- Twenty-three percent of respondents said they had lost confidence in nonprofits in the past two years.
- Fourteen percent of donors had discontinued support of an organization in the past two years.

The confidence people have in a nonprofit has a great deal to do with their willingness to give to that organization and their loyalty to it.

All the strategies and tactics in the world aimed at building donor loyalty are useless if your organization has not made itself worthy of that loyalty. An organization worthy of the loyalty of its donors must:

- Have a mission worth performing
- Perform that mission well
- Have strong, respected leadership
- Be fiscally sound
- Voluntarily and proactively share with the public information about its operations and its stewardship of funds

Donor loyalty does indeed grow from within the organization.

When it comes to confidence and loyalty, what do you know about your donors? Did your organization have more or fewer donors than the year before? What is your rate of donor attrition--the percentage of donors who give one year but not the next? Have you surveyed your donors within the past five years to determine their confidence in your organization? Think about your answers, and you will begin to get an idea where your organization stands on the donor loyalty continuum. Are you losing a higher percentage of donors each year, or are you retaining more of them?

2. A Strategy For Cultivating Relationships With Donors

We cultivate relationships with donors in order to bring them closer to an organization and strengthen their connection with that organization. There are many tools and techniques for cultivating donors, but before you can cultivate donors, you have to get them. So, a few words on donor acquisition need to preface our discussion of donor cultivation.

Donors almost invariably fall into one of two groups:

- Those whose lives have been touched by the organization. Hospitals always put former patients high on their list of potential donors. Schools and universities have entire departments devoted to alumni relations. At the Cleveland Orchestra, we collected the names and addresses of everyone we could who purchased tickets.
- Those not personally touched by the organization, but who are influenced and impressed by its work or its leadership.

Individual donors can fit easily into either of these categories. Foundations and corporations fall almost exclusively into the second group. However, it is possible that the people either recommending or approving grants and contributions may have been personally touched by the organization.

Every organization should have a database of users to prospect for donors. Even if the organization serves a clientele unlikely to be able to make gifts, those clients may lead to previously untapped sources.

Now, on to donor cultivation. Fundraising has many engaging and inspiring sayings. Three that give insight into donor cultivation are:

- People give to people
- You don't raise funds; you raise friends

Fundraising can be summed up in just three words--relationships, relationships, relationships.

At its heart, donor cultivation is about an organization's staff and leadership developing relationships with those capable of giving support and making them friends of the organization.

One can define donor cultivation as an organization-wide strategy and process to learn more about each donor's interests, desired professional and social contacts, lifestyle, and philanthropic

desires so that we can better initiate and respond to contact with a donor in order to develop a stronger relationship with that donor.

One can't stress enough how important this definition is--how important it is to the future of an organization's fundraising efforts. Every successful fundraising operation cultivates its donors--builds relationships with them. The most successful do it constantly and systematically.

Let's parse this 48-word statement and examine its key components. Again, the definition, this time with its key components bolded:

Donor cultivation is an organization--wide strategy and process to learn more about each donor's interests, desired professional and social contacts, lifestyle, and philanthropic desires so that we can better initiate and respond to contact with a donor in order to develop a stronger relationship with that donor.

Organization-wide

To be successful, donor cultivation must be embraced by the entire organization. It is not just a tool to be used by the development department. In order for an organization to cultivate its donors successfully, and grow more and larger gifts, it must become donor centric. It takes the commitment and involvement of an entire organization to cultivate successfully donors.

Donor Interests

The things people are interested in are important indicators of how and to what they will give. How well do you know your larger donors? Do you know enough about each to conduct an engaging conversation about something other than your organization? There are many bits and pieces of information you should be capturing about them.

- How they earn their living
- What they do for pleasure
- What clubs they belong to
- Who their friends are
- What authors or subjects they read
- Where they were born
- Where their children go to school
- Where they went to school

These are just a few possibilities. If you had this information at your fingertips each time you spoke to or contacted a donor, your connection with that donor would be stronger, your relationship greater, and the amount that donor would give to your organization would be larger.

Desired Professional and Social Contacts

Nearly everyone has professional and social pursuits they wish to further. When it comes to donors capable of making large gifts, do you know what business introductions they would like to have and whom they would like to meet socially?

Lifestyle

How people live can tell you a great deal about how to approach them for gifts. What do you know about the lifestyle of each of your donors? Does he or she:

- Inhabit a house, condo, or apartment?
- Have more than one home?
- Prefer to dine in or eat out?
- Give parties and receptions?
- Own a boat?

Once again, these are only some of the data you may want to consider collecting about donors. But imagine what you could do if you had it at your fingertips.

Philanthropic Desires

How about some donor knowledge that would seem obvious--their philanthropic involvement? Different people give to different organizations for different reasons. Keeping in mind the old 80/20 rule--that 80% of your money will come from 20% of your donors, do you have answers to each of the following for the top 20% of your donors?

- Why each gives to your organization
- How each prefers to make a gift
- What other organizations each gives to
- How each wants to be recognized and thanked
- What causes matter most to each

Initiate and Respond to Contact

Our sixth key component is initiating and responding to donor contact. You need to have contact with donors at times other than during a campaign. Organizations that focus their donor contact on periods of donor solicitation are transaction oriented. They're like the son or daughter away at college who only calls home to ask for money. Donor dialog that begins and ends with a request for a gift is a guarantee of fewer and smaller gifts. Your organization must:

- Be willing and able to initiate conversations with donors and have a plan to do so
- Treat any contact with a donor as the most important thing happening to the organization at that moment
- Have a plan for responding to donor requests quickly and effectively

Relationship

The last key component is relationship. Relationship is connection. We cultivate donors in order to strengthen the connection they have with our organization. The stronger that connection is, the deeper the relationship. The deeper the relationship a donor has with an organization, the more likely that donor is to make larger and more frequent gifts.

In a nutshell, donor cultivation is about everybody in an organization working to build the organization's relationship with each donor in the knowledge that a better relationship will result in more frequent and larger gifts.

3. What You Need to Know about Your Donors

There are many ways to collect information about donors. Remembering the 80/20 rule, it's obvious you're going to put more hands-on time and effort into collecting information about the 20% of donors who give 80% of contributed income. However, that doesn't mean you should ignore the rest. All donors are capable of growth. And your largest donors today probably started out making far smaller gifts.

You need to develop profiles of all your donors. It's just that the profiles of your smaller givers are unlikely to be as fleshed-out as those of your largest donors. It's common sense that you will know a lot better the donor who gives a hundred thousand dollars than one who gives a hundred. Nevertheless, you should be collecting basic profile information on all donors. One more word of caution. You're not going to be able to get all the information listed here. But try. Over time, you'll be surprised at how much of it you will be able to collect.

The real value of a donor database-a collection of donor profiles-is in the information contained. The basic profile of each of your donors should include:

- Who they are
- How to contact them
- How they became donors
- Their giving record
- How, by whom, when. contacted by a representative of the organization
- What other interaction they have had with the organization

To begin with, you need the basic information that identifies each donor.

- Name: Last, first, and middle
- Salutation: Should you address them as Mr., Mrs., Ms., Miss, Dr., etc.
- Nametag: At a function should the name tag say Joe, Joseph, or Buzzie?
- Occupation: Where they work and their title
- Birth date: Day and year. Know how old they are.
- Spouse, partner or significant other's name: All too often not given proper recognition
- Significant family members: These are the other people in the donor's family who may or may not have an involvement with your organization but who may play a role in the donor's decision making process, or they could be "important" people in the community.
- If you get this information you will be able to identify each donor as an individual, and you will know things about them that go beyond name, rank, and serial number.
- When it comes to contacting a donor, you need to be able to do it in different ways. You need to know the best way, and you need to know the contact method preferred by the donor. Each donor's profile should include:
 - Postal addresses, both home and business
 - Phone numbers: home, business, and fax
 - E-mail address. Your organization should be collecting e-mail addresses from everyone it touches.

From this information, you need to identify each donor's preferred method of contact. How and where does the donor want to be reached? Are you supposed to contact first by e-mail? Should phone calls go to the home or business?

A record of how a person became a donor is useful in analyzing how to approach that person in the future. Aggregating that data can tell you what has worked for your organization in the past and what areas of donor recruitment you are not fully exploiting. Who or what was the referrer of the donor to the organization? Referrer in this context means more than the name of a person who may have introduced a donor to the organization. A referrer can be an advertisement, a speech by someone representing the organization, an outside mailing list, or use of the organization's services. Anything that brings a donor into his or her first contact with an organization is a referrer. Did the donor have contact with your organization before becoming a donor? If so, what kind, how much, and with whom?

A giving record is the one thing that every organization is sure to have for every donor. However, it is something often put on a shelf and forgotten about until the next campaign. Don't. A giving record can tell you much about how to cultivate and maintain a donor. Record every pledge a donor makes and if you know, include why the donor gave. Keep track of when a donor makes payments on pledges. Are payments on time, late, or early?

Which solicitors or methods of solicitation have had the greatest success with the donor? Has response been better to male or female solicitors? Do phone or mail solicitations work better? How has a donor responded to different campaigns? Is there always a gift for the annual fund but never for a capital drive, or vice versa? Does a donor give once a year no matter what? Does a donor prefer to give only at the same time each year? Can a donor be enticed with a naming opportunity?

And of course keep track of the total given. This last part sounds easy doesn't it? But, do you include things such as the value of the donation part of a benefit ticket or gifts in kind? This is valuable information to have when it comes to thanking and recognizing a donor. A great deal of information can be gleaned from an individual's record of campaign contributions.

Giving may not be the only way in which a donor interacts with an organization. A donor may also be a client or user of the organization's services. If so, which ones and how often? Does the donor volunteer at the organization? Keep track of volunteer hours so that you can thank and recognize him or her. Has the donor visited the organization? When? How many times? Who was seen? What was seen?

Has the donor worked a fundraising campaign or benefit? As a Solicitor? Team captain? Chair? How well did the donor perform? What areas of the organization's work or what needs has the donor expressed an interest in? Has the donor served on the board or any committees? Does the donor belong to any support groups of the organization? With which staff members has the donor had the strongest contact?

The closer your relationship with a donor, the more information will be available about that donor, and your closest relationships will be with your largest donors.

When it comes to larger donors:

- Whatever system you use to collect and hold data about donors must have the flexibility to manage information that is individually specific and relevant.
- Never fail to record a piece of information you believe might be valuable. Better to err on the side of excess here.
- Troll the rest of the organization for information about large donors. At least, monthly check with other departments about any contact they may have had with your top donors.
- Analyze new information to determine if it presents an opportunity for someone in the organization to make a personal contact.

4. The Importance Of Being Donor-Centric

An organization becomes donor-centric when it recognizes donors as its lifeblood and makes their care a central aspect of its endeavors. Notice that's "a" central aspect, not "the" central aspect. It would be a sham nonprofit organization that centered its existence simply on raising money. The mission of all nonprofits should be to do good works in some way, shape, or form.

However, if an organization is to build donor loyalty and develop the strong donor relationships that will assure its long-term growth, it must make cultivating donors and managing its relationships with them a core organizational value. Donor cultivation must be embraced as an objective by every department, staff member, and board member.

If your organization is to be donor centric you must avoid isolating fundraising from the rest of the work the organization does. The organization must acknowledge that fundraising is a shared responsibility. If board chairs and executive directors recognize fundraising as one of their top three responsibilities, they will infuse their organization with a positive view of fundraising. If the boss says fundraising is "Job No. 1" or darn close to it and then walks the walk, others in the organization will buy into an inclusive fundraising culture.

An organization whose staff and volunteers accept successful fundraising as a critical, shared objective is halfway to being donor centric. Think about it. If fundraising is so crucial that it must be a part of everyone's thinking, then so are donors.

We're not talking here about turning non-development staff into campaign solicitors. Their fundraising role is to help make friends for the organization--to cultivate donors. Just as program staff and leadership have to recognize their roles in making the organization donor centric, development staff must be broadly involved in the organization. Don't allow development staff to adopt a "siege" mentality. Too often, development staff will self-isolate. A development staff that does not involve itself in the non-development activities of its organization can do little to influence and assist program and other staff in cultivating donors.

A donor-centric organization recognizes fundraising and program successes together. If a nonprofit wants its program staff to view fundraising and donor cultivation as an organization-wide responsibility, it needs to show that it sees programming and fundraising successes as

equally valuable. Staff meetings, press releases, annual reports, and annual meetings, are places and events where fundraising efforts and programming success can be linked or recognized together.

Without donors, most nonprofit organizations would be unable to operate. Hard-pressed program staff may not always have that fact in the forefront of their minds at every moment of every day. A donor-centric organization encourages all staff members to appreciate the value of donors to the organization's mission--to realize the absolute necessity of donors to its daily operations. Donors are partners in fulfilling an organization's mission.

Lessons To Be Learned From For-Profit Businesses

In the for-profit world, customer relationships are the equivalent of donor relationships. In recent years, there has been an increased concentration on each employee of a company recognizing the importance of each and every customer and working to build customer loyalty.

Few companies have higher customer loyalty than L.L. Bean. Visit the headquarters of the catalog merchandiser and you will find a poster stating five customer imperatives displayed throughout the building. We in the nonprofit world would do well to adapt Bean's five customer imperatives to reflect how we should approach donors.

- The first of the five is: "A customer is the most important person ever in this office in person or by mail." What if we were to make that read: A donor is the most important person ever in contact with this organization.
- L.L. Bean's second customer imperative is: "A customer is not dependent on us. We are dependent on him." How about: Donors do not need us. We need them.
- L.L. Bean's third customer imperative is: "A customer is not an interruption of our work. He is the purpose of it." How about: Contact with donors is not an interruption of our work. Donors make our work possible.
- L.L. Bean's fourth customer imperative is: "A customer is not someone to argue or match wits with. Nobody ever won an argument with a customer." How about. Donors are not people from whom we demand support. No organization is entitled to its donors' money.
- L.L. Bean's fifth customer imperative is: "A customer is a person who brings us his wants. It is our job to handle them profitably to him and ourselves." How about: Donors bring us their resources and philanthropic desires. It is our job to use those resources and meet those philanthropic desires efficiently, effectively, and as we have promised.
- L.L. Bean's five customer imperatives, after a little editing, make fine trail markers for the donor-centric path. But it is a path that may have to be cut through a forest where people would rather ignore donor cultivation and leave all fundraising responsibility to the development department.

The donor-centric path is blazed by the development director, executive director, and board chair. It is then walked by department heads and board members until finally, it becomes a road to organizational success well traveled by all staff and volunteers. Our job as development professionals is to show our organization where the path can take it.

5. Tactics For Cultivating Relationships With Donors

You've recognized the importance of building donor loyalty through the strategy of donor cultivation. You've identified the data needed to build the donor profiles necessary to donor cultivation, and your organization is ready to commit to developing a donor centric culture. It's time to get down to the brass tacks of implementing a donor cultivation strategy.

A strategy is a plan for what we want to accomplish. Tactics are how we go about doing it. Strategy is grand design. Tactics are life in the trenches. To implement our strategy of building donor relationships and loyalty, let's take a look at seven basic techniques of donor cultivation. For each technique, there are seven specific tactics you can use:

- Bring donors to the organization
- Go out to meet donors
- Keep in touch with donors
- Look for ways to help donors, i.e., facilitating business & social contacts
- Bring donors closer. Find ways to connect them with program & other staff
- Always thank donors quickly and accurately for their generosity
- Recognize donors in ways that they approve of

Site Visits

There is no better way to expose donors to the good works your organization does than by having them visit your facilities, or than by taking them to another location to see the results of a project or program of your organization. We call these events site visits and when donors are on site:

- You have their undivided attention
- They can be shown exactly how contributions are being used
- You can introduce them to key staff
- They can meet individuals benefiting from the organization
- They ask questions, the answers to which may allow for additional contact
- They acquire information that they will share with others
- They end up feeling good about being a donor

Another way to bring donors to your organization is to comp them to events or performances you host. However, other organizations also have events. There is always the annual meeting. Make sure donors receive an invitation and make it a "special" invite.

Look through the organization calendar and see if there aren't events that you may think of as internal or professional, but to which donors could be invited. Yes, the kind of donors we are talking about here can afford to buy tickets. But if they aren't, make sure you invite them to a few events each year.

No matter what the event, give attending donors something extra--a reception to meet the speaker, performer, or artist for example.

Going Where the Donors Are

It's not always possible to bring donors to your organization in order to get face time with them. So, does that mean you give up on your efforts to have in-person communication with donors too busy to commit to visiting? Not by a long shot. Take the initiative and make a site visit of your own--to a donor's site. Schedule an appointment to pay a call on a donor you wish to cultivate, and have a reason for that call. Share information on new projects. Bring along a staff person you would like the donor to meet.

Maybe best of all, set up an appointment with the donor to ask the donor's advice about something. Asking someone for help is the most flattering thing you can do. There are few things that will draw donors closer to an organization on a professional level than having the organization turn to them for their knowledge and expertise. Just think, there you are asking for something, and it isn't money.

Another thing you can do is find out what philanthropic, professional, or other events your donor will be attending, and then attend them yourself. Does your donor ever speak locally? If so, and if it is at all possible, be in attendance. The donor will be flattered that you came and you'll learn more about him or her.

A development officer who rarely leaves his or her organization's headquarters is like a salesperson who sits by the phone waiting for orders to come in. When a campaign is on, you don't wait for people to reach for their checkbooks and give you money. Well, you can't cultivate donors that way either. You have to make contact with them, and no contact is better than face-to-face, one-on-one, and more times than not, the only way you can get it is to go looking for it.

Keeping in Touch with Donors

Even if you successfully get donors to make site visits and are able to reach out to them as described above, it is not enough. You need to do more to keep in touch. After all, how many times a year will a donor be willing to come to the organization, or how frequently can you call for an appointment without becoming a pest? Besides, there are other ways to communicate and express interest in donors. Let's begin by looking at communication that is more about the donor than the organization.

Send birthday and other appropriate greeting cards. Send get-well cards and even flowers to a donor in the hospital. Keep your eye open for items about donors in newspapers. When you see one, clip it and send it along with a "congratulations" note to the donor.

Now let's take a look at some more formal communication media. You should have a regular newsletter that goes out to donors. By regular, we mean at least every other month. Actually, monthly is better. The newsletter can be sent as paper or e-mail. The latter will cost far less and make a more frequent schedule easier to maintain, but be prepared to get paper into the hands of those who do not want to receive e-mail. One would expect that number to be very small and shrinking almost daily. The newsletter should be aimed at the donor community, rather than something that goes to everybody from clients to employees.

Include donors on your press list and make sure they get copies of every press release you send out. Think e-mail again.

Send photographs of things the organization is doing. Again e-mail is easier, quicker, and far less expensive.

And finally, send something special that reflects well on the organization. Share with donors the thank-you notes you receive. Have clients of the organization write to a donor explaining the difference the organization has made in their lives.

Being of Service to Donors

As a development officer in a nonprofit organization you are well positioned to facilitate business and social contacts your donors may wish to make.

Inviting a donor to a party or event hosted for you by those who are more socially or professionally prominent is a good way to help that donor up the success ladder. Conversely, inviting prominent members of your community to a party hosted for you by a donor who is trying to increase his or her social or professional standing can work just as well.

What is important here is to realize that you or your executive director or board chair may be in a position to provide a donor with an opportunity a donor is likely to remember the next time you ask for a gift and every time thereafter.

Bringing Donors Closer to the Organization

One of the best ways to cultivate a relationship with a donor and strengthen that donor's loyalty to an organization is to foster the donor's connection with key staff. Obviously, executive directors and other very senior staff are naturals for this. But there are other approaches.

For one thing, you can introduce donors to staff members with whom they share interests. Another possibility is to invite donors to lunch with senior program staff. The donors get to hear the inside scoop on what the organization is doing, and staff develops an appreciation for the donors. That's a win/win situation in my book.

After you have said your thank-you for a gift, don't drop the ball on continuing to show the organization's appreciation. Wait a while and then have a program staff member write to a donor describing how a specific contribution made by the donor or how the total contributions received in a recent campaign have made it possible to create, improve, increase, etc. a program. Have it come from someone who is putting the gift to its actual intended use, rather than you or even the executive director or board chair. Coming from the "frontlines," it will be more real.

Contact by staff other than the development office can make donors feel much more a part of an organization. It also associates more faces and names with a donor's gift. And remember, one of our truisms of donor loyalty is that people give to people. However, make sure the development office acts as a clearinghouse for this, and knows when other staff contact whom and for what reason. Remember, requests for funding need to go through the development office.

Being Quick and Genuine with Your Thanks

Thanking donors seems like something so basic that we shouldn't even have to talk about it. But more mistakes, with more devastating results for donor loyalty, are made in the thanking of donors than anywhere else. So, let's go over six rules for saying "thank you" that are absolutely essential.

- Thank a donor immediately. Send out a thank-you note for a gift no later than the day after the gift is received. Nothing is more important than a prompt thank-you.
- Be humble. Don't act as if or communicate the thought that you were expecting the gift as something that was the donor's responsibility to do.
- Praise the donor's generosity. Do not stint. Let the donor know how important the gift is.
- Praise your donor's leadership. Anyone who gives is a leader and should be treated as such, and call attention to the fact that their gift will influence others to give.
- Thank donors for past support. When you receive today's gift remind the donor how appreciative you are of past support, but do not talk about future support. Do not say thanks out of one side of your mouth and hint at future requests out of the other.
- And finally, never let a hint of disappointment show. Never, ever show a lack of gratitude for a gift, whatever its size.

There are two things that must be remembered about saying thanks. Donors expect it, and they deserve it.

Recognizing Donors Appropriately

Thanking donors is a private act. It is between the donor and the organization. Recognizing donors is public, and because it is public you need to be absolutely sure you adhere to a donor's wishes when you do it.

Obviously, you don't publicly recognize a donor who has requested anonymity. But just how publicly does the donor want to be recognized? Does he want his name ballyhooed from one end of town to the other, or would she prefer a discrete listing in the annual report?

Issue press releases when major gifts are received and be sure to cite both the importance of the gift and the generosity and leadership of the giver.

Another way to recognize a donor is to have naming opportunities. They can work well, but be careful that you don't cheapen them. If every physical asset of an organization ends up with a name attached to it, the result is to lessen the value of truly significant naming opportunities.

Putting donors' names on a wall in the lobby of a building is another way to recognize them. It seems obvious to me that a donor whose name is visible in the building is going to feel a greater sense of connection with that organization.

Recognize donors in your newsletter. Make absolutely sure that a donor is recognized in the annual report and that all gifts are accounted for. Remember to include the charitable portion of tickets to benefit events. Include a donor recognition component in your annual meeting.

Finally, establish a donor recognition program. Don't let recognizing donors be an afterthought. If you are a one-person shop, give it a priority in your lists of tasks and develop a written program of what you will do. If you have a larger development operation, assign responsibility for donor recognition to someone. Donor recognition is a process. Manage it.

Let's close our discussion of the tactics for cultivating donor relationships with a couple of points about the nature of your individual relationship as a development officer with your institution's donors.

- It should be professional. Your relationship with donors is a business relationship. You are a representative of your organization. You facilitate the process of giving gifts to it.
- It should be deferential. Most donors capable of making large gifts are likely to have achieved wealth, professional success of a high order, and social prominence. It is unlikely that we as development officers will be part of their peer group. Development officers exist to help donors. We provide them with service. We are not their buddies.

Even development professionals sometimes make the mistake of treating donors with whom they have a working relationship as if they also had a social relationship. Otherwise savvy development officers may discuss issues with donors in the same way they would with a co-worker. However, donors need to be treated the way they want to be treated, not the way we want to treat them. It is far better to treat a donor with more deference than is expected, than with more intimacy than is wanted. Yes, it is possible for a personal friendship to develop with a donor. But it is up to the donor to acknowledge and encourage that friendship first.

Do not fall into the trap of thinking the relationship you are cultivating with a donor is with you personally. It is with the organization. Your job is to cement the connection between donors and the nonprofit organization for which you work. That's where your effort should be directed. And that's why remembering the nature of your relationship with donors is a crucially important tactic when it comes to cultivating donor relationships.

6. Stewards Of Other People's Money

When it comes to raising money from foundations and corporations, cultivating relationships with them, and turning them into loyal donors, there are three key elements we need to remember.

1. Most important, the decision to award a grant is made by people. That means most of what we do to court individual donors works just as well with foundation and corporate decision makers. But there is a difference, and that difference is the second most important thing to remember.
2. The money they give away is not theirs. Except in the case of a tightly controlled family foundation, those people are stewards of other people's money.
3. When it comes to cultivating foundations and corporations and turning them into loyal donors, you need to respond to each foundation and corporation as you would to an individual donor.

A few words about that third point: It needs to be done with active cultivation, careful consideration, and respectful appreciation.

Active cultivation means you continuously work to cultivate relationships with the people at a foundation or corporation who award or influence the award of grants.

Careful consideration means understanding how each foundation and corporation operates and work within its parameters. In donor cultivation terms that means figure out whom you need to befriend, and be careful about stepping on toes. When grant seekers write to the chairperson of one foundation we know, they get back a letter from the program officer beginning, "Our president has forwarded your request to me because, as you "should" know, it is my responsibility to review all proposals." That's not the way I'd want to start a relationship.

And finally, respectful appreciation means that thanks need to be expressed to the foundation or corporation both as an organization and to the individuals responsible for awarding a grant. A foundation or corporation should be recognized prominently and often for its donations, and the people who did the work evaluating need to know just how much you appreciate their efforts.

Proof Over Passion

How you go about building donor loyalty with foundations and corporations and cultivating relationships with those who are stewards of other people's money differs in two important aspects from the way you approach these issues for individual donors.

First, for stewards of other people's money, the relationship with an organization is always at its core, a professional one. Individual donors are far more likely to form personal relationships with the organizations they give to. After all, they are giving their money presumably to support things they feel strongly about.

Secondly, the process of awarding funds to an organization by a steward will be almost entirely logic based. For individual donors a strong, perhaps even the dominant, component of an organization's attractiveness is likely to be emotive. Individual donors give based in large part on how they "feel" about an organization. Stewards must base their gifts almost entirely on logic and the value proposition placed before them. They are going to feel less comfortable making a judgment call, and are more likely to feel compelled to rely upon the reassurance of sound numbers.

When approaching corporations and foundations, you can be even more tenacious than you might with an individual donor. Unless it tells you that grants are simply not made in your area, you should never give up on working a foundation or corporation.

Whenever you get a negative response to a grant request, remember it is to the project or program, not necessarily to the organization. Foundations in particular pick projects to support more than they choose organizations. Also, keep in mind that foundations and corporations have other organizational imperatives driving their grant awards, and that those imperatives can and do change. Keep the process of cultivation going with the people within a foundation or corporation.

Let's consider three final points about dealing with foundations and corporations and their stewards of other people's money.

1. Foundations and corporations are organizations themselves. They very often have a need for the public to be made aware of their good works. This is particularly true for community foundations. Look for public ways to recognize their contributions made to you. If they support a specific project, always include a note recognizing that support in your communication with the media. If appropriate, include program officers, contribution managers, and foundation or corporation leaders in events such as ground-breaking or dedication ceremonies.
2. Personally thank the individuals at the foundation or corporation who helped you. It isn't enough to send a letter to the top official. Reach out to all the people who worked on your grant request.
3. And finally, say thanks even when you don't get the grant. It takes as much work on the part of a prospective funding source and its staff to say no as it does to say yes. Thank them for that work. The head of a foundation from which we have repeatedly solicited gifts--sometimes successfully and sometimes not--once told me how much he appreciated that we always thanked him, even when a grant was not awarded. He went on to say that fewer than one in four of the organizations that had grant proposals rejected ever bothered to thank him for reviewing their proposals. This head of a major foundation said, "Why do you suppose they would want to break off their contact with us and burn their bridges behind them?" Point well taken.

7. Tools For Donor Cultivation

Tactics and tools are not always easily separated. In fact, many of the approaches we described as tactics a few minutes ago could be viewed as tools--newsletters, annual reports, greeting cards, press releases, etc. Just as the tools we are about to discuss could be recast as tactics.

For me, something is more readily seen as a tactic when it is so familiar that we have no need to explain what it is. Newsletters, annual reports, greeting cards, and press releases certainly fall into this category. With tactics, we only need to show why they should be used.

Tools on the other hand, are less likely to be so ingrained in our work process. Tools, for me, are things that need to be explained. Their use needs to be learned. The value inherent in their use may not be as easily seen. Particularly when it means adopting new technology or making an investment in their acquisition and implementation.

Over the past decade, two high-tech tools have become increasingly available and effective for managing and cultivating donor relationships. The first of these -- computerized donor databases -- has been gaining usage for a couple of decades. It started with our desire to find a better way to address envelopes than our aging Addressograph machines or Xeroxing address lists onto labels. The second--e-mail media--didn't exist five years ago and has only in the past two years become available to smaller organizations.

A donor profile database can be contained on index cards, in a filing cabinet, or on a computer. One place it should never reside is in the head of an organization's development director, or in anyone else's head for that matter. People need to have access to donor profiles, and access doesn't mean having to ask someone who may or may not be available.

Unless your organization is tiny, don't rely on index cards or even a file cabinet as a donor database. In this day, nearly every organization should avail itself of the efficiencies of a computerized database. There are three main reasons to computerize a donor database.

1. The data will have greater accessibility.
2. Collecting data will be easier.
3. Organizing, manipulating, and using the data effectively will be enhanced tremendously.

If a computerized donor database is to be worth its salt, it needs to meet a few basic requirements. First, it must be scaled to the organization. That means don't use an elephant gun to kill a fly. Nor should you expect a flyswatter to turn a charging elephant. It can't be allowed to break the organization's budget or require more staff or expertise to support it than the organization can provide. Its benefits must outweigh its costs.

The data capture process must be simple and able to be done throughout the organization. Everyone in the development office must be able to quickly and easily record collected donor data.

Accessibility must be easy and instant. A person answering a phone call from a donor must be able to retrieve that donor's profile in seconds, and the way the profile is displayed must make it easy to be scanned as the conversation takes place.

Data must be able to be sorted in nearly any way conceivable and organized so that it can be used to help achieve fundraising goals.

The database must be secure. Obviously, it should not be able to be compromised by someone from outside the organization, but access from within the organization needs to be tracked and data that is private needs to stay that way. Remember the wishes of anonymous donors.

The system must be able to be expanded. You may need to add more fields. The company or organization providing the system needs to provide support. That means it must have the resources to help its users, and that it must have the likelihood of staying in business.

Picking a Donor Management System

Donor management systems are also referred to as constituent management software and fundraising software. A donor management software system is essential for an organization that wants to develop a strong, comprehensive donor cultivation program managing a large number of donors and prospects.

Depending on the package, it can do everything from managing a campaign to profiling donors. You'll do well to research carefully the many donor management software vendors offering

products today. The programs vary widely in cost. They range from free, to tens of thousands of dollars. And the old saw that "You get what you pay for," is not always accurate here.

This is a case of buyer beware for two reasons. One, software developers have a tendency to promise more than they deliver and two, basic approaches and concepts can be very different from one system to another. Make sure a system will deliver what you need before you buy. Don't easily accept a promise of, "that's going to be in the next release due out later in the year." Before you buy, explore a number of possibilities and seek the advice of people using the various packages. Vendors should be willing to give you a list of users to contact.

A final word about your donor database: Be careful exactly what comments you put in it. Every note you make had better be one that you would not mind having the person about whom you make it read. And what if the organization's records were subpoenaed in a court case? Remember, an organization needs to operate in the open to inspire donor confidence. Well, that includes your donor profiles.

When a donor asks to see what is in his/her profile, you have to be ready to show it. That means you don't want any comments expressing displeasure over the size of a gift or that make judgments about the donor. When building a donor profile, remember what Sergeant Joe Friday always said in the old TV series, *Dragnet*: "The facts ma'am. Just the facts."

E-mail Media

If you aren't using e-mail to keep in touch with your donors, you not only should be, you will be. It's only a matter of time. That's because e-mail costs so much less than other communication media and does so much more. The distribution costs of an e-mail message range from zero to perhaps a dime apiece. It depends on how many bells and whistles you want. But those bells and whistles can make e-mail media tremendously attractive.

The advantages of e-mail media have changed our expectations of the communication process forever.

- Expense: E-mail costs far less.
- Speed: E-mail is near instantaneous.
- Trackability: E-mail that has been formatted in HTML can be tracked. You can tell who reads it and when. HTML means hypertext markup language. HTML e-mail often looks very similar to Web pages.
- Interactivity: Links to a Web site can be included in e-mail and the recipient encouraged to click those links. You can then record who actually clicks those links.
- Dialog: Because everything a recipient does with an e-mail message can be tracked, every time a recipient does something he or she is sending you a message, and e-mail is easy to reply to. Just hit the reply button and type a message.
- Data Collection: All actions--reading, replying, clicking a link--a recipient takes in response to an e-mail message create data that can be collected and downloaded to that individual's donor profile. Keep track of what articles a donor reads in an e-mail newsletter and you will learn much about that donor's interests.

In the past five years, e-mail has gone from something only new-technology adopters use to a pervasive part of our professional and personal lives. And we have only seen the tip of the iceberg. There is a great deal more to e-mail than letter writing and electronic junk mail. It truly is a communication medium that nonprofits cannot afford to ignore.

There is a beginning to your donor cultivation. There is a continuum to your donor cultivation. But there can never be end to your donor cultivation.

8. Donor Survey

What Do You Know About Your Donors?

If you want donors to be loyal to, and support, your organization --- they must know you, trust you, and believe that you are fulfilling your mission and using their contributions wisely. If you don't know who your donors are and what they think of your organization --- you can't successfully communicate with them.

Donor Surveys Help You Learn About Your Donors

Donor surveys can be implemented in a number of ways, including mail, e-mail, telephone, focus discussions, and face-to-face meetings. Whether comprehensive one-to-one interviews, or a mix of any of the other options, surveys do not need to be complicated research instruments. A simple questionnaire (or format, for personal meetings) can be tallied either by hand or, if you structure the questions right, on a simple computer spreadsheet.

Guidelines

First, take a hard look at what you want to learn and about the uses to which you intend to put their response. Although some questions are "standard," you will be more productive if you develop a survey tailored to your organization's specific need.

Whether comprehensive one-on-one interviews, or a mix of other information gathering methods is used, donor survey planning must take into account the size and make-up of the donor base to be surveyed.

Suggested Questions To Be Presented To Donors

(Use or adapt those of relevance and importance to your organization)

On a scale of 1 to 10 (10 highest) how familiar are you with (your NPO)?

- Have you formed any deeply held opinions about us --- what are they?
- What do you perceive to be our mission statement?
- Do you see our mission as vital and valid?
- Do you perceive us as being successful at carrying out that mission?
- Do you believe we are the right organization to address what we declare in our mission statement?
- What do you know about us overall?

- What do you know about our productions, community outreach, administration, board, volunteers, staff, facilities (and other components).
- What do you see as our strengths?
- What areas, if any, do you see potential for improvement?
- Have we earned and maintained your trust and respect?
- What priority in terms of community (and your) needs would you place on our offerings?
[High _____ Moderate _____ Low _____]
- What priority do you place regarding importance to the community (and to you) on the following? (List OTHER key programs, services, and projects known to be associated with the organization. As many as reasonable and practical, and allow to be graded as High, Moderate, Low.
- What are your impressions of our financial condition?
- What makes you feel good (or otherwise) about your financial support?
- Have we been efficient stewards of your donations and resources?
- How would you describe the most compelling reason the community should support us?
- Which other organizations do you support? Why? How are we ranked in priority with them relative to the amounts you give?
- Has any controversy been associated with us to your knowledge?
- Have you ever had any questions or concerns about any of our leaders? About our staff or volunteers? ----- About our productions?
- How do you feel about the various materials we send to you? Newsletters, solicitation letters, other communications?
- Are we included in your financial estate plans? If not, are you familiar with charitable giving opportunities that offer you income?
- May we please have any other of your comments, advice, and recommendations?

Responses

Will your donors answer honestly and objectively? The answer is a qualified "Yes." Some will answer a question not quite truthfully because they wish they were something other than they are. Some may not understand a question thus, will give a "wrong" answer. Sometimes a donor may find a question to be inappropriate, even offensive --- and they will not reply.

Acting On The Findings And Recommendations

Once a donor study has been completed and you've received a report of its findings, conclusions, and recommendations, you're ready to start the toughest part of the process. Now, you have to listen and pay attention and act. You have a wonderful opportunity to greatly benefit from what your donors told you about the pleasure and satisfaction they derive from their support to your organization, as well as alerting you to their concerns and cares. You work as best you can to "fix" the things that need fixing, according to what the donors told you. And you need to continue and to enhance the cultivation practices that are the most desired and satisfying to your donors. This will surely help in great measure to maximize your chances for a continuation of their giving and it will provide opportunities for even larger gifts in the future.

What if the Donor Study Tells You What You Don't Want to Hear?

Make sure that you take the time to go over every aspect of the donor study. Don't skip over negative things that on first reading seem minor. It is folly to take the time to conduct a donor study, spend the money on it, and then risk alienating people important to the organization by ignoring the study's recommendations. An organization that ignores some or all of a donor study's findings is making a mistake that can damage the organization.

Who Should Conduct The Survey?

The principal value of having outside counsel perform a donor survey is the opportunity to obtain candid answers to tough questions. A consultant is not part of the organization's "family," and that means the responses from study subjects will be more candid and complete.

However, face-to-face meetings between donors and staff or volunteers are great relationship builders as well as a productive data-gathering tool when structured for "listening and learning," instead of "talking and selling."