



National Fund Raiser

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A Must Attend - A Must Read

Last month, I attended a daylong seminar presented by Cygnus Applied Research, Inc./Burk & Associates Ltd. The speaker was Penelope Burk. I decided to attend because the topic – “Donor-Centered Fundraising” – sounded interesting; besides, I needed credit for renewal of my CFRE.

I found myself taking copious notes and uttering “wow” several times per hour. It was there that I discovered some of my thinking about development made me an “ol’ fuddy-duddy.”

The seminar is research based. More than 150 donors, at varying giving levels, from **each** of 267 charities, were asked 212 questions in 17 areas of fundraising. The charities were big and small with varied causes across several time zones. The purpose? To really understand what turns on donors, what motivates upgraded giving and what keeps the donors renewing. To find answers to these questions, the *research* also found what turns off donors, what keeps them from giving more and why many donors have a short-lived relationship with a charity.

Following the seminar, I asked Ms. Burk if I could share some of the seminar content with you, the readers of the *National Fund Raiser*. She graciously agreed. Future issues will reflect many new ideas and concepts to consider for your development program.

The seminar is presented in various locales in the U.S., Canada and the U.K. For information about the seminar or to purchase the book: *Donor Centered Fundraising – How to Hold Onto Your Donors and Raise Much More Money* (\$65 U.S.):

In the United States: Cygnus Applied Research, Inc. Canada: Cygnus Applied Research, Inc.

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Senior Editor

Building Your Board to Become Fund Raisers

Seldom are development programs highly successful when board members don’t contribute personally to the best of their ability and if they are unwilling to become actively involved in asking.

What can **you** do if your board isn’t involved? Very little directly. However, working with your chief executive and board chair, you can bring about positive changes.

Many nonprofit boards are made up of everyday, working class individuals who have a vested interest in a particular organization. A close friend or relative receives direct benefit from the organization’s programs. Few board members have any degree of wealth and few are well acquainted with those who do. Most have little

understanding of the development processes and most are hesitant about becoming involved. For this type of board, members do understand special events, so, events become the mainstay of the development program.

There is nothing wrong with having an interested Jane or John Doe on your board and there is nothing wrong with special events. However a strong board is made up mostly of achievers, doers, leaders – those who perpetually want things to be better, know how to make them better and are willing to **lead the way with leadership by example**.

Next issue we'll suggest six important steps you can take to reshape and rebuild your board.

Upgrading . . . Gently

In January and February we began a discussion on why donors lapse in their giving. One of the principal reasons is that they are asked to give too much too soon. Research shows that 75% of donors who give a first gift give less than they **can** give and 70% of those who give a second gift give less than they **can**. Why? A new or nearly new donor gives less because he or she wants to know if his or her gift is appreciated and doing good. We suggest that a reasonable approach is not to ask for an increase in giving until the donor has contributed for two consecutive years. This approach helps a donor to feel that his or her gifts are important and helps to solidify the relationship between you and the donor.

In the third year, a reasonable request to upgrade is in order. Asking donors to consider an increase in their giving can be done early in the year (Spring and Summer requests).

Last year, you were kind enough to give \$ 25 and this year you are asked to consider a gift of \$ 35. Every extra dollar will be put to work right away helping someone in need.

We have found that the most reasonable upgrade request is the following formula:

$$\begin{array}{rcl} \$ \underline{\quad\quad} \text{ last year's gift} & \text{i.e. } \$ 25.00 & \\ \underline{\quad\quad} \times 125\% & \underline{\quad\quad} \times 125\% & \\ = \$ \underline{\quad\quad} \text{ rounded up } \$5 & = \$ 31.25 \text{ rounded to next highest } \$5 & \end{array}$$

But, if a donor does not respond to these requests, allow him or her to feel good about giving the same amount as last year. This month's supplement will show you how to make the "ask" for each level of giving throughout the year.

Updating Your Lapsed Donor File, Weeding Out the Deadwood and Reinstating the Rest to Active Donor Status third in a series of four

In the future, when you send your active and lapsed donor tapes to a merge-purge firm, spend the few extra dollars to have your own files, as well as rental names, run through NCOA (National Change of Address) programs. NCOA is an ongoing process of updating addresses that will save you many dollars. The amount you save on postage and non-mailed materials in any given mailing will probably more than pay for the NCOA processing. There are other programs available also.

Even if you have only two or three thousand names on file, 350 to 650 are likely to have bad addresses. If you go ahead and mail to these bad addresses, you are likely to waste \$150 to \$400 on postage and materials. The cost for running all two or three thousand names through NCOA will be \$125 to \$225. Larger numbers will have

reduced unit costs. And think of how much you'll not waste on future mailings. You will not only be saving on expenses, but also **securing correct addresses that will lead to additional gifts.**

But what can you do now to clean up your files and bring back the most possible lapsed donors to active donor status?

1. With the objectives outlined in (a, (b, (c, and (d above, mail your newsletter or even a post card to everyone in your database. Deletions and address changes will begin coming in about a week after you drop your mailing and will continue to dribble in for weeks thereafter.
2. Clean up your files. Make this a priority with your record keeping support staff. When new addresses are provided, change them if they are still in your service area. Delete those lapsed who have moved out of your area, those who have moved with no forwarding address and those who are deceased.
3. Steps one and two may take you into the summer. So, this fall and winter send fully personalized mailings with special copy to those lapsed donors for whom you still have good addresses. Stress how much good the person has helped to accomplish with his or her past gifts. Let each know that "we have missed hearing from you recently," and show how important renewed support is.

If a lapsed donor responds to the fall mailing, send a receipt and thank you note right away and do not solicit again this year. If a lapsed donor does not respond to the fall mailing, use a different copy approach for your holiday mailing.

After these two mailings, you will have reinstated about seven to ten percent of your remaining lapsed. *In the fourth and final article on this subject, we'll tell you how to reinstate another 10-20%, and then, how to further clean up your file.*

Educating Your Board About the Costs of Development

Your board probably has small business people and large corporate executives in addition to professionals and others. Some will understand and some will not that in order to run a business, working capital is required. Your organization is a nonprofit **corporation**. Although it is part of the third sector, in many ways it must be run as a business is run if it is to succeed.

Your product or service is your program to help people. You may have a marketing program to help develop interest in using your services. But, there is another type of marketing that we call fund raising or development. As a profit making business sells stock or borrows money to fund its marketing program, so, too, does a nonprofit need to generate money to raise money. Here's a formula to serve as a guideline for determining how much working capital (development budget) you might need to make sure that your program can grow the way you intend.

**For Development Programs 1-3 Years Old
(and those now staffed with one part-time person)**

Net funds you want to raise for organization's programs (a)	\$ _____
	x 75%
Development budget (working capital needed): (b)	\$ _____
Add (a) + (b) to determine total fund raising goal:	\$ _____

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Ask Line copy for direct mail
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Constituency:	Spring Mailing:	Summer Mailing:	Fall Mailing:	Holiday Mailing:
Small Gift Prospects:	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.
Lapsed Donors:	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.
Reinstated Lapsed:	Last year, you chose to give \$_____ and we hope you can be as generous again this year.	Last year, you chose to give \$_____ and we hope you can be as generous again this year.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.
First time donors last year:	Last year, you chose to give \$_____ and we hope you can be as generous again this year.	Last year, you chose to give \$_____ and we hope you can be as generous again this year.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.
Ongoing/Sustaining Small Gift Donors:	Last year, you were kind enough to give \$_____ and this year you are asked to consider a gift of \$_____.	Last year, you were kind enough to give \$_____ and this year you are asked to consider a gift of \$_____.	Last year, you chose to give \$_____ and we hope you can be as generous again this year.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.
First level giving club Prospects:	Last year, you were kind enough to give \$_____. This year, you are asked to consider joining a select group of community leaders who are members of . . .	Last year, you were kind enough to give \$_____. This year, you are asked to consider joining a select group of community leaders who are members of . . .	Last year, you were kind enough to give \$_____ and we hope you can be as generous again this year.	Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.
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Constituency:

Spring Mailing:

Summer Mailing:

Fall Mailing:

Holiday Mailing:

First level giving club
Ongoing renewals

Last year, you were kind enough to give \$____ and this year you are asked to consider a gift of \$____.

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Last year, you chose to give \$____ and we hope you can be as generous again this year.

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Second level giving club
Prospects:

Last year, you were kind enough to give \$____. This year, you are asked to consider joining a select group of community leaders who are members of . . .

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Second level giving club
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Last year, you chose to give \$____ and we hope you can be as generous again this year.

Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.

Third level giving club
Prospects:

Last year, you were kind enough to give \$____. This year, you are asked to consider joining a select group of community leaders who are members of . . .

Last year, you were kind enough to give \$____. This year, you are asked to consider joining a select group of community leaders who are members of . . .

Last year, you were kind enough to give \$____ and we hope you can be as generous again this year.

Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.

Third level giving club
First time donors last year:

Last year, you chose to give \$____ and we hope you can be as generous again this year.

Last year, you chose to give \$____ and we hope you can be as generous again this year.

Whatever amount you choose to give, please know your thoughtfulness will be deeply appreciated.

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Third level giving club
Ongoing renewals

Last year, you were kind enough to give \$____ and this year we hope you can be as generous.

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