Next River Fundraising Strategies

Where the Science and Heart of Fundraising Converge

nextriverfundraising.com.

VALUES OVER VALUABLES

Creating a Donor Retention Plan That Turns Transactions Into Transformations

THE CONNECTION ECONOMY

“We are leaving the Industrial Economy and entering the **Connection Economy** . . . relationships and human connections assume the mantle of value and economic growth.”

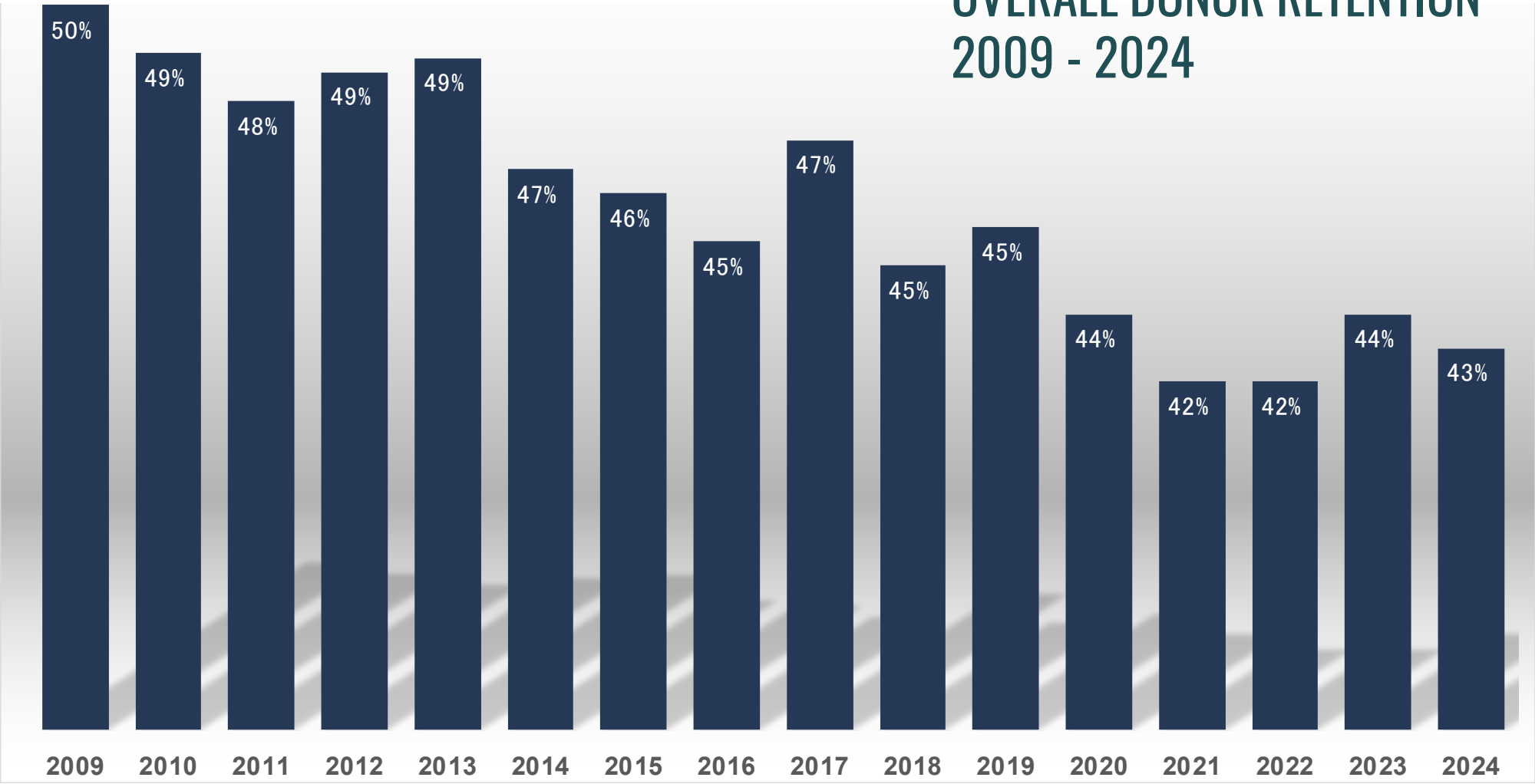
The **Connection Economy** thrives on abundance. Connections create more connections. Trust creates more trust. Ideas create more ideas.

- Seth Godin

DONOR RETENTION

The Data (i.e. What We Know)

OVERALL DONOR RETENTION 2009 - 2024



FACTS ABOUT DONOR RETENTION

- Acquisitions costs $1.20 - $1.50; donor retention costs $0.20 - $0.25
- New Donor retention rate: 19.4%. Repeat donor retention: 69.2%
- Lifetime Value Growth - by year five at $500. By year 10 at $1,550
- Recurring donors retain at 83%
- 59% of donors who make a second gift continue giving
- Repeat giving is higher indicator of planned gift likelihood than size of gift (particularly for lower-level/smaller dollar donors.

Sources: Dataro, Nonprofit Pro, etc.

QUESTIONS ABOUT DONOR RETENTION

- Did anyone tell donors they were expected to give year after year?
- Were they acquired/solicited with retention in mind?
- Are you measuring households and/or soft credits?
- Are we JUST measuring year-over-year? What about the consistent but not consecutive?
- Some folks just aren't that into you. (Sorry.).

RETENTION & STEWARDSHIP

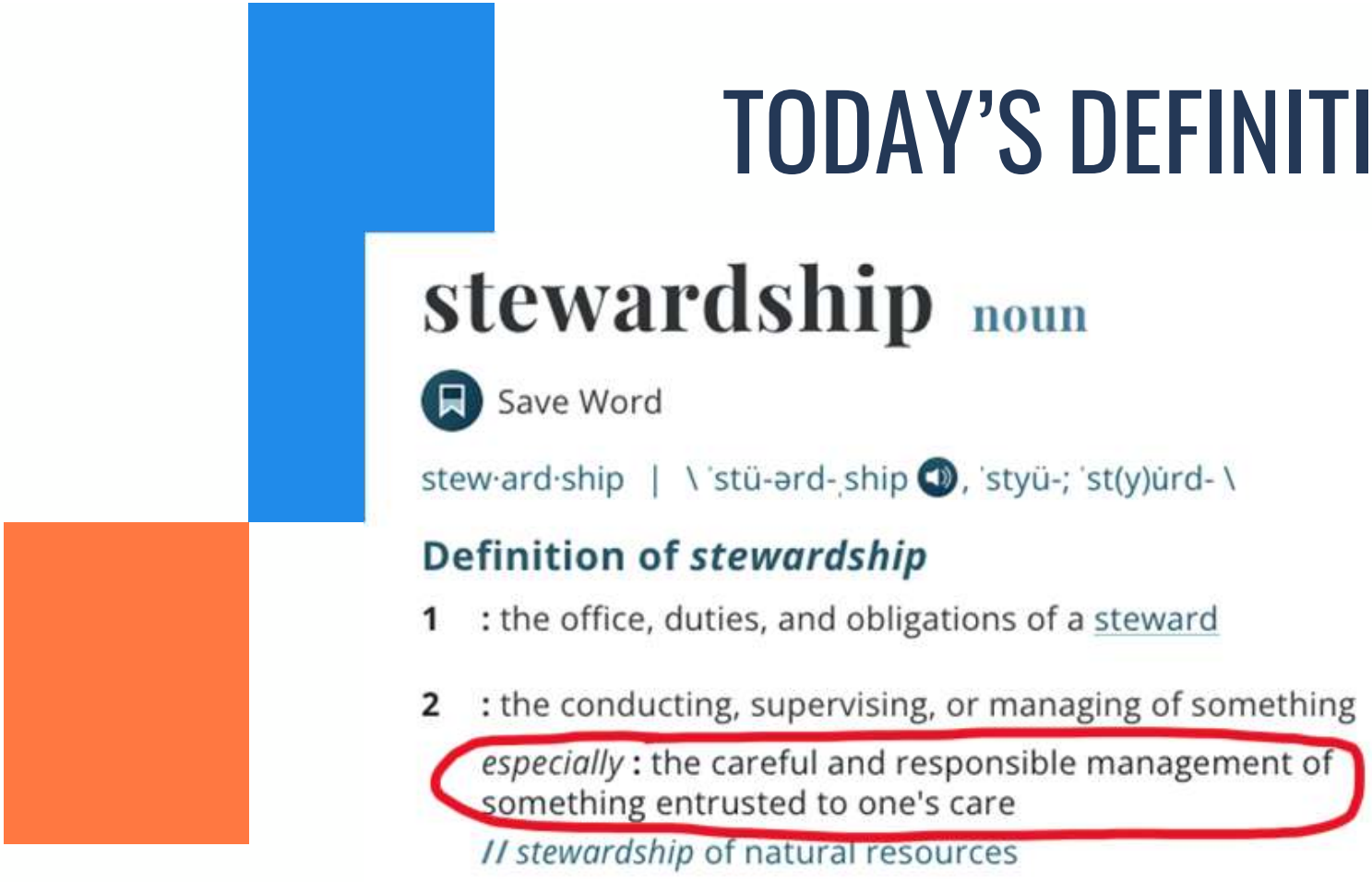
What even IS “stewardship”?

STEWARDSHIP HISTORICALLY

Steward – from the Old English *stíweard* "hall, household" + *weard* "warden, keeper". Literally the household keeper.

Responsible for overseeing land, resources, finances, and the welfare of those who lived and worked on a noble's estate.

TODAY'S DEFINITION



stewardship noun

Save Word

stew·ard·ship | \ ˈstü-ərd-ˌship, ˈstyü-; ˈst(y)ürd- \

Definition of *stewardship*

1 : the office, duties, and obligations of a steward

2 : the conducting, supervising, or managing of something

especially : the careful and responsible management of something entrusted to one's care

// stewardship of natural resources

https://www.merriam-webster.com/dictionary/steward

FUNDRAISING STEWARDSHIP

The donor is trusting us with the ***careful and responsible management*** of their gift.

They are trusting us to fulfill the promise we made in the ask.

Stewardship is the intentional care of the gift entrusted to your mission — in a way that affirms the donor's identity, sustains the generosity cycle, and keeps the invitation open for future partnership.

It's not management of a person; it's alignment of values and purpose.

You can't steward a donor; you can only steward a gift.

Lynne Wester
Donor Relations Group

https://www.linkedin.com/pulse/20140821105438-22480710-the-difference-between-stewardship-and-donor-relations/

“STOP STEWARDING YOUR DONORS”

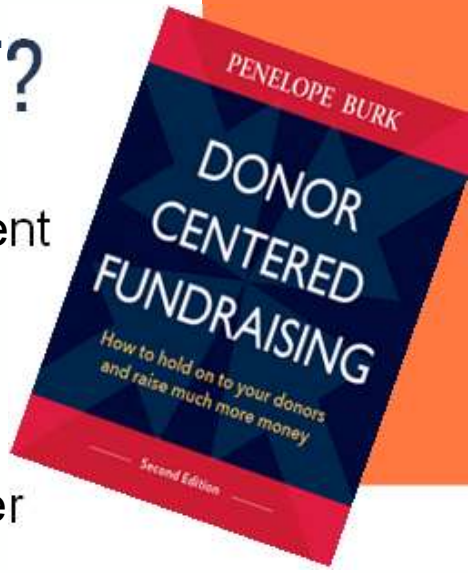
Your mindset should be that because they gave a gift, I’m going to do the unexpected and cultivate them so wonderfully that they can’t wait to make their next gift.

-- The Veritus Group
https://veritusgroup.com/never-steward-donors/

THE SCIENCE OF STEWARDSHIP

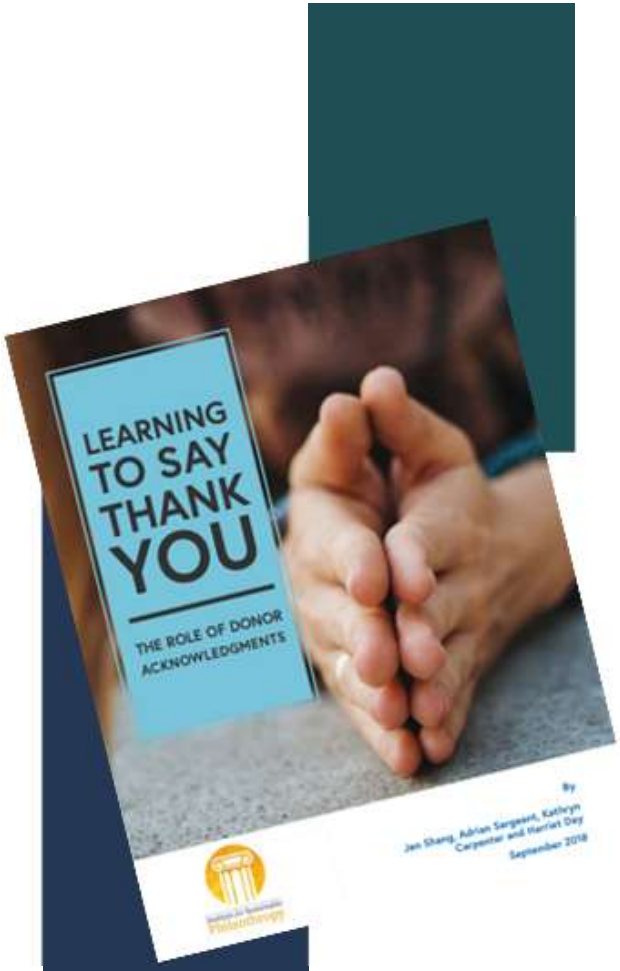
Why do we do what we do?

WHAT DO ~~DONORS~~ PEOPLE WHO GIVE WANT?



- Receive a prompt and meaningful acknowledgement whenever they make a gift;
- Have every gift they make, regardless of its value, assigned to a program, project or initiative narrower in scope than the mission as a whole;
- Receive a report, in measurable terms, on what was accomplished with the last gift before being asked for another.

https://cygresearch.com/donor-centered-philosophy/



ARE THANK YOUS THAT IMPORTANT?

Yes.

“Donors who received the thank-you gave on average $45.32 more than those who did not receive the thank you.”

Shang, Sargeant, Carpenter, Day, “Learning to Say Thank You: The Role of Donor Acknowledgements”

QUICK STATS

- 71% of consumers feel that direct mail is more personal than online/digital communications (postalytics)
- Direct mail requires 21% less cognitive effort than digital media and elicits higher brand recall. (A Bias for Action, Canada Post)
- 41% of donors likely to give a repeat gift if they receive personalized communication explaining the impact of their support (networkforgood)
- 44% of donors would donate more (at least 10%) for a personalized experience (Accenture)
- Exponential increase in Donor Lifetime Value (when gifts are stewarded & good post-gift cultivation) when donors make a 2nd gift w/in three 3mos. (analytical ones)
- Omni/Multi-Channel beats single channel. Every time. (like, everybody, everywhere that studies this stuff)

SO?

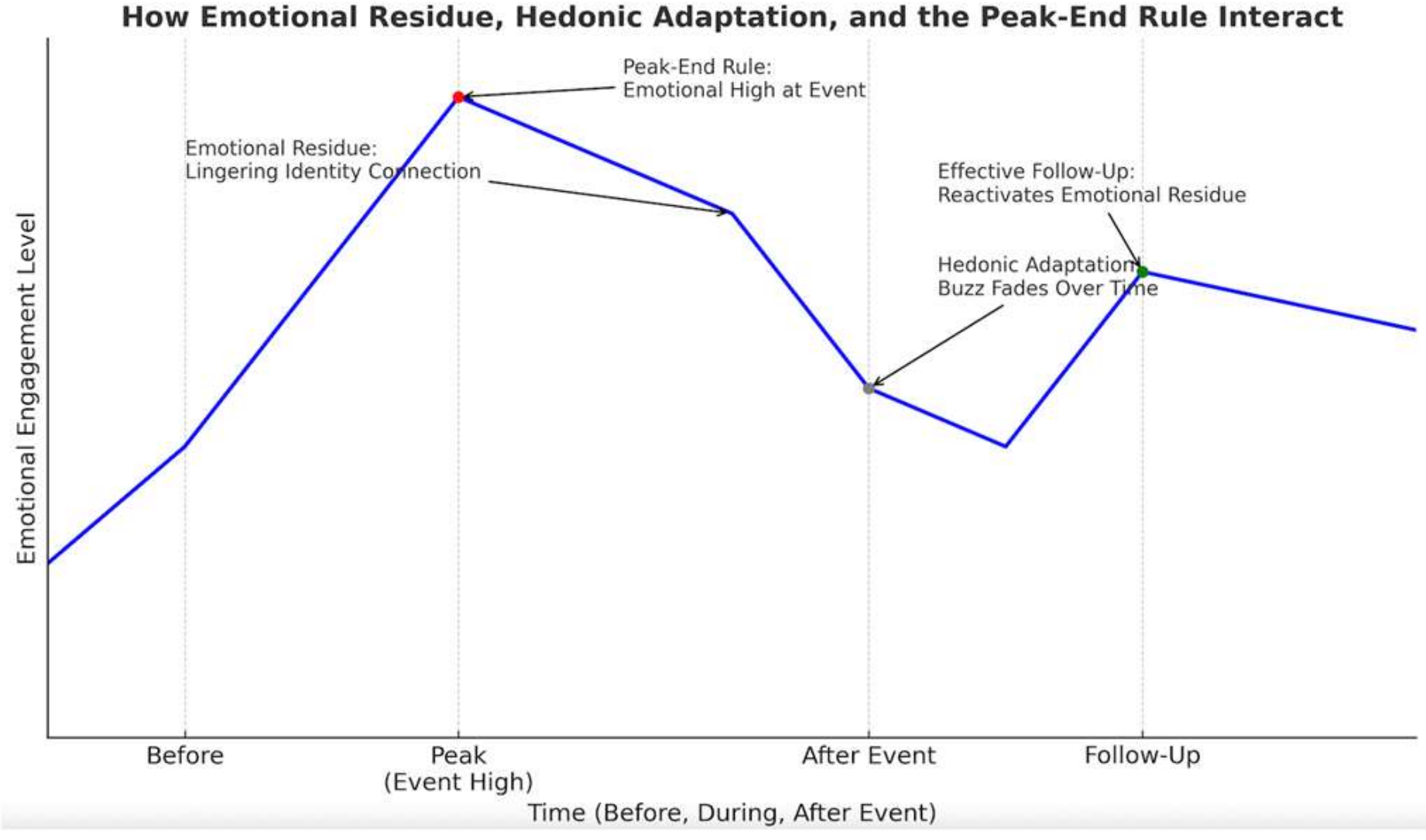
- Don't confuse channel of action with channel of inspiration
  - In other words, just because a donor makes a gift online, that doesn't make them an "online donor" – especially if they received a mailed or in-person solicitation.
  - Channel of action is the weakest segmentation when compared to recency or frequency.
- It costs less and creates a far more positive ROI to focus on donor retention/relations than acquisition
- Steward the gift, relate to your donor
- Think beyond the bare minimum
- Engage omni-channel

YOUR BRAIN ON GENEROSITY

Because science!

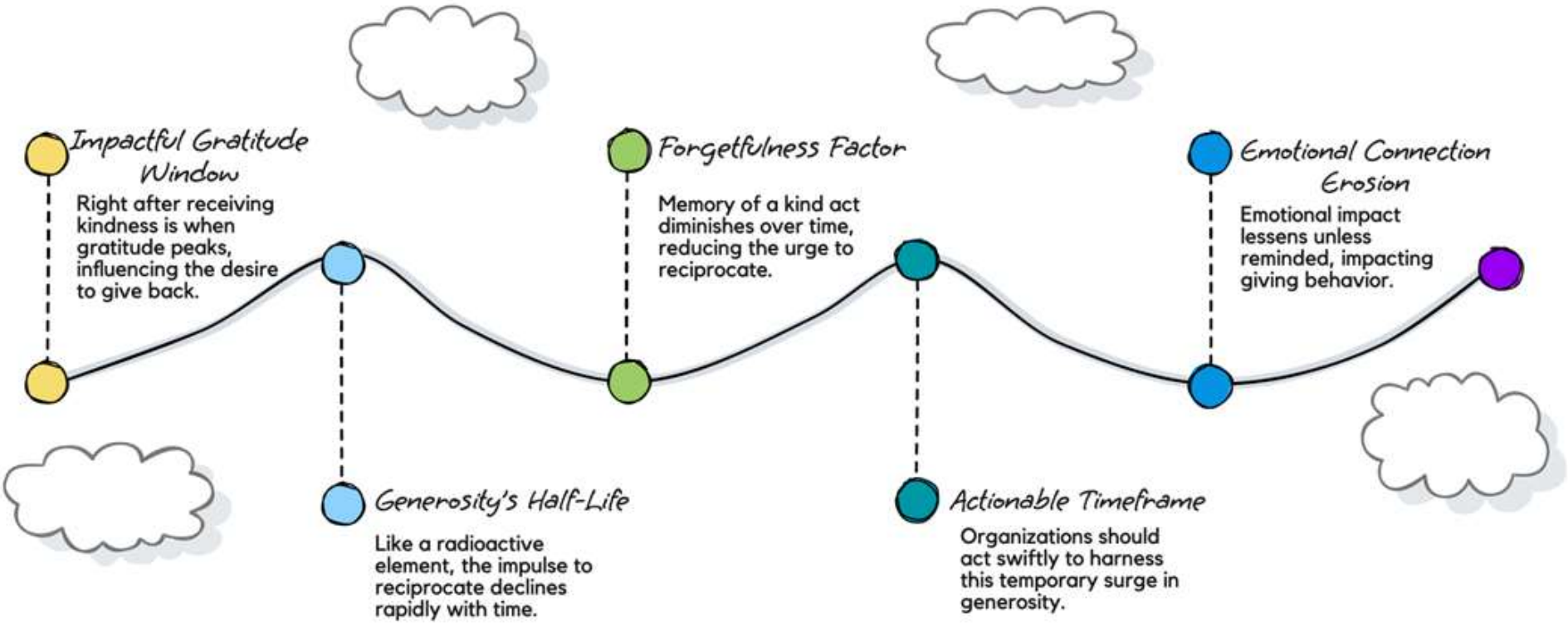
SOME PSYCHOLOGY/NEUROSCIENCE

HEDONIC ADAPTATION	Feelings and emotions, and subsequently well-being, return to a relatively stable level after experiencing positive (or negative) life events. Essentially, we get "used to" the stimulus over time and its impact fades. Also known as "the hedonic treadmill."
EMOTIONAL RESIDUE	The lingering emotional impacts of past experiences, i.e., the memories of the feelings/warm fuzzies. (Also applies to negative situations.
PEAK-END RULE	Judging an experience based on how we felt at its emotional peak (i.e. most intense) and at its end. A mental shortcut (heuristic) to sort emotions.
RECIPROCITY	In giving, the return (reciprocal relationship to their gift) is a reflection of identity & self-image, affirmation/emotional reinforcement (good feeling), and mutual responsiveness, i.e. relationship vs. transactional.

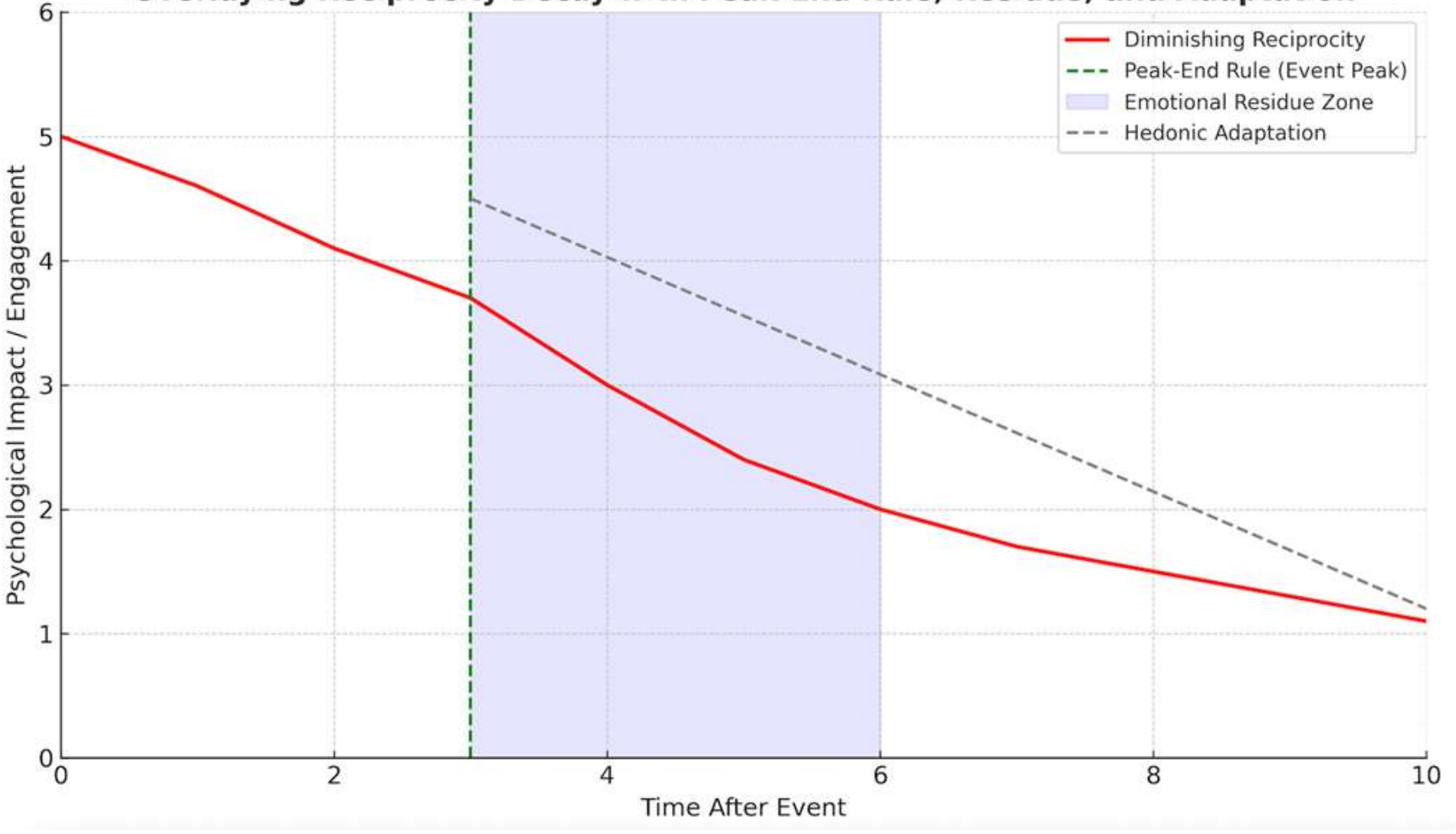

How Emotional Residue, Hedonic Adaptation, and the Peak-End Rule Interact
Peak-End Rule:
Emotional High at Event
Emotional Residue:
Lingering Identity Connection
Effective Follow-Up:
Reactivates Emotional Residue
Hedonic Adaptation:
Buzz Fades Over Time
Emotional Engagement Level
Before
Peak
(Event High)
After Event
Follow-Up
Time (Before, During, After Event)

Diminishing Generosity Over Time

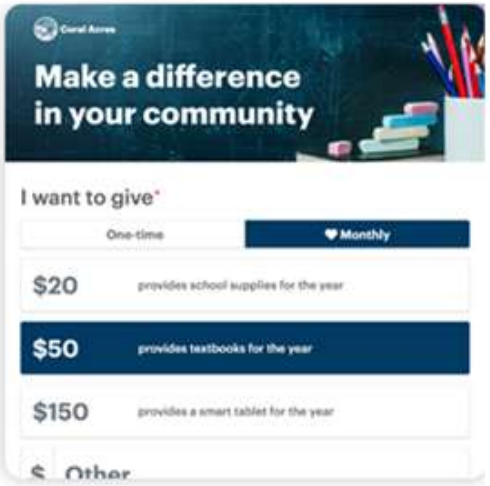
Generosity fades post-kindness without timely reciprocation.

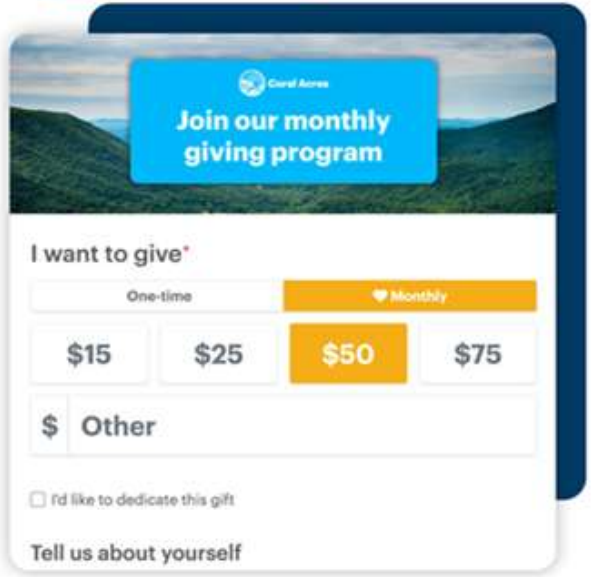


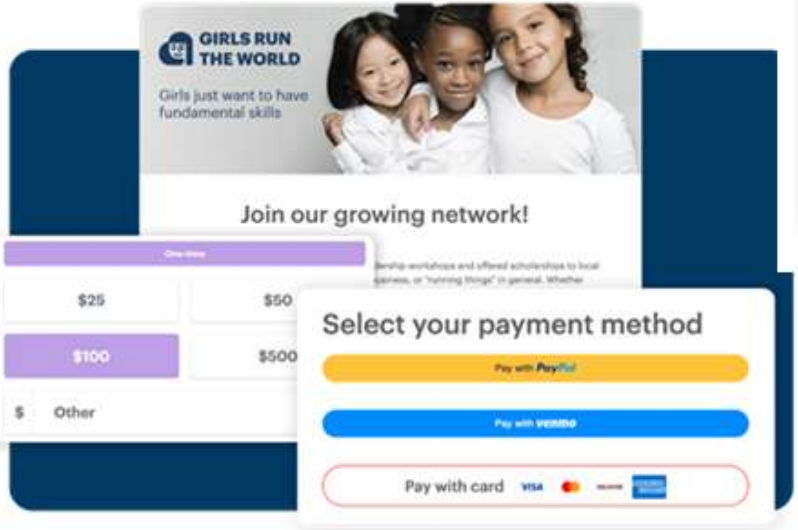
Chuan, A., Kessler, J. B., & Milkman, K. L. (2018). Field study of charitable giving reveals that reciprocity decays over time. Proceedings of the National Academy of Sciences, 20170829.


Overlaying Reciprocity Decay with Peak-End Rule, Residue, and Adaptation
Diminishing Reciprocity
Peak-End Rule (Event Peak)
Emotional Residue Zone
Hedonic Adaptation
Psychological Impact / Engagement
Time After Event
0
1
2
3
4
5
6
0
2
4
6
8
10

YOUR STEWARDSHIP STARTS HERE







Courtesy: DonorPerfect

OR HERE

Your support can also help teach kids how to take care of their smile and give them the tools they need!

Future Smiles
3074 Arville St.
Las Vegas, NV 89102

«Addressee»
«Address1»
«Address2»
«City», «State» «ZIP»

When it hurts too bad to smile – or eat or sleep, the future look's pretty dark . . .

Courtesy: Future Smiles/Next River Fundraising

THINK ABOUT YOUR STEWARDSHIP/POST-GIFT CULTIVATION WHEN DESIGNING YOUR GIVING VEHICLES AND SOLICITATION STRATEGIES

- As "frictionless" as possible – irrational decision-makers
- Ask for ONE thing
- Quick, Easy, User-Friendly
- How do I give? Right now? Don't make me work for it.

- Design/write/plan your thank you before your appeal/case. "What do I want to thank these donors for?"

#2 – WHAT'S THE IMMEDIATE WARM/FUZZY?

- Gift Acknowledgement vs. Gift Receipt vs. Thank you
- Receipt – transactional
- Acknowledgement – traditional
- Thank You – transformational

  - Quick
  - Heartfelt
  - Surprising
  - Delightful
  - All it has to do is say "we received your gift and will put it to use right away"
  - Your auto-generated email DOES NOT COUNT

Before

Lisa Comments:
1.) **Use an engaging lead.** Just like a good fundraising appeal, you want to draw the reader into your thank you. A great way to accomplish this is to start with something other than "thank you" or "on behalf of."
2.) **Great use of "you" and "your."** This is where nonprofits commonly shift into "we-speak" - so by making this "you-based" and focused on benefits (vs. activities), you're on the right track. Well done.
3.) **Make sense.** "At-risk" always makes me wonder, at risk of what? It's best to avoid jargon. And clarify how I help others enjoy the Centre.
(more comments below...)

Date

«addressee»
«street»
«city», «state» «zipcode»

Dear «formalsalu»,

(1)Thank you so much for your gift of $«trcptamt» in support of the Ontario Science Centre.

(2)Science and technology enriches our lives, and a single visit to the Science Centre can plant a seed and provide the tools for a lifetime of exploration and discovery. Thanks to your support, young people and their families from Toronto's at risk communities will experience the inspiration and excitement that you and your family enjoy each time you visit. (3)

(4)We're thrilled to announce top-notch exhibitions and IMAX films in honour of our 40th anniversary. Come and experience our upcoming features The Science of Spying, followed by Lizards and Snakes, Alive! and our summer food programming. Watch for news on our anniversary celebration in September.

(5)In recognition of your donation, we'd like to acknowledge your support by including your name in our Annual Report and on our Donor Wall. Your donation receipt, in the form of a letter, is enclosed. If you have any questions or need any assistance, please contact Matt Wiesenfeld, Head of Annual Giving at (416) 696-3233.

I hope you visit us soon, to see the impact you are making when you chose to donate to the Science Centre.

Yours sincerely,

Lesley Lewis
CEO (6)

Encl.

Comments, continued...
4.) **Great programs and excitement, but we-focused.** Note difference between you-based paragraph #2 and this one, so all you need to do here is shift the focus.
5.) **Is donor informed of this ahead of time?** Many don't want that sort of recognition. Also, you can eliminate "in the form of a letter" phrase: If you label receipt clearly, simply tell donor it's enclosed.
6.) **Bravo for signing w/ CEO!** Great that signor comes from highest ranks of your nonprofit.

After

Lisa Comments:
1.) **For inspiration, I looked to your website.** The Science Centre has a terrific video online from which I was able to create a new lead paragraph for the letter. (This also "unifies" your theme and language across channels.)
2.) **Here I aim to show donor how gift is already working.** To keep copy donor-centric, I use more "you" than "we."
3.) **I kept the contacts paragraph...** and played down the tax receipt reference. (And online, Recognition Wall is noted, so I left this part.)
4.) **Also added a P.S.** Once you get a "base" thank you letter down, you can keep the copy fresh for longer by updating postscript. (Although you should be updating thank yous, too - every 6 months should do the trick, or even quarterly.) Note: this P.S. also serves to let donors know when you'll update them next.

Date

«addressee»
«street»
«city», «state» «zipcode»

Dear «formalsalu»,

(1)Robots whir. Comets streak. Tide pools gurgle. When science comes to life, anything is possible... and all because of you.

Thank you for your contribution of $«trcptamt» in support of the Ontario Science Centre! Your gift is already inspiring a generation of future scientists and their families who, without you, might not have the means to visit our Science Centre.

(2) You provide the tools for a lifetime of exploration, too - illuminating the comets, giving tide pools their gurgle, and much more - sharing with others from Toronto's communities the same excitement that you and your family enjoy each time you visit.

(3) In recognition of your kind gift, we'll add your name to our Annual Report and our Donor Wall. (And you'll find your donation receipt enclosed.) If you have any questions, please contact Matt Wiesenfeld at (416) 696-3233. We'd love to hear from you.

Thank you so very much for sowing the seeds of discovery,

Lesley Lewis
CEO

P.S. (4) There's lots going on for our 40th anniversary - from The Science of Spying to Lizards and Snakes, Alive! - so I hope you'll visit us soon. Stay tuned for updates in our upcoming [newsletter?] and at www.ontariosciencecentre.ca. Thanks again.

Courtesy: Lisa Sargent/SOFII
https://sofii.org/article/sample-thank-you-letters-for-you-to-swipe

A COMMUNITY-CENTERED VERSION

Dear [First Name],

Thank you so much for your gift to Acme Charity. Your kindness and thoughtful generosity means the world to us and the people we serve.

When you gave, you didn't just write a check — you raised your hand and said, *"I'm in!"*

You joined together with hundreds of your neighbors, friends, and fellow community members who want to make sure everyone in our community has a safe place to sleep tonight.

And here's the thing: the people we work with notice. They may never know your name, but they feel your caring — in the warm meals, the open doors, the hope that wasn't there before. They're doing their part, every day, working with our program team as we all come together to make a difference.

This is the power of being part of a community that shows up and cares. You've put your values into action.

Thank you, [First Name], for what you've made possible — and for the company you keep. We're proud to stand with you.

THE 48-HOUR HANDWRITTEN RULE

"A handwritten thank you note within 48 hours of receipt of the gift will increase retention and is best practice."

(If you can do it and do it well, it's not a terrible idea.)

WHAT YOU MUST DO

- Acknowledge receipt of the gift
- Send/Provide an actual receipt (tax deductibility)
  - Technically, according to the IRS, it is the donor's responsibility to get a receipt but it's the right thing to do
- Say Thank You
- Report on How The Gift Was used

SCALING STEWARDSHIP

- What can you do and do well, consistently, and efficiently?
- What do you have the resources and infrastructure to do?
- What will you need from others to do it? (Impact stories, service metrics, signatures, time, etc.)

THE STEWARDSHIP PLAN

A Goal without a Plan is just a Wish.

STEWARDSHIP PLAN

01 WHAT'S THE GOAL?

Increase retention?
Upgrades?
Convert to recurring?
Major Gift?

02 HOW IS SUCCESS MEASURED?

Retention rate?
Donor LTV?
Upgrade/Downgrade?

03 RESOURCES

What can you do well?
What can you do consistently?
Who does what? When?
Accountability & Responsibility

04 AUTHENTICITY

Not checkboxes, gratitude
For itself, not for more $
Human-centered

TIME SINCE GIFT	ACTION	PROCESS	RESPONSIBILITY	SEGMENT
1 Day	Email TY	Auto-Generate	Dev Staff	ALL
48 Hours	TY Letter Receipt	Receipting Variable for sub-segment	Gift Entry	ALL with Address Sub-segment by recency.
48 Hours	Personal Email/Receipt	Receipting Variable for sub-segment	Gift Entry	ALL with Email Only Sub-segment by recency.
48 Hours - 1 Week	TY Calls	List generated at gift entry	Lead Dev Staff	$250+
48 Hours - 1 Week	CDO TY Calls	List generated at gift entry	CDO	$500+
48 Hours - 1 Week	CEO TY Calls	List generated at gift entry	CEO	$1,000+
1 Week	Handwritten TY Notes	List generated at gift entry	Dev Staff	ALL with Address
2 Weeks - 1 Month	TY Video/Update	Create story bank	Digital Mktg	ALL with email
2 Months	CEO Update Email/Ltr	Create bank; update	Dev Staff	ALL
3 Months	Variable Ask	Offer based on giving - upgrade, 2nd Ask, Recurring	Dev Staff	ALL
4 Months	Other Engagement	Offer volunteering, program tour, event, etc.	Dev Staff	ALL
5 Months	Update/Newsletter	Subscription streams	Dev Staff/Digital Mktg	ALL
6 Months	Impact Update	Program updates, gift accomplishment, etc.	Dev Staff/Program Staff	ALL
7 Months	Soft Renewal/Upgrade Ask	Determined by segment	Dev Staff	Determine by sub-segment
8 Months	Impact Update	Program updates, gift accomplishment, etc.	Dev Staff/Program Staff	ALL
9 Months	Donor Survey	Engagement Level	Dev Staff/Digital Mktg	ALL
10 Months	Renewal/Upgrade Ask	Determined by segment	Dev Staff	ALL
11 Months	Impact Update	Program updates, gift accomplishment, etc.	Dev Staff/Program Staff	ALL
12 Months	Renewal/Upgrade Ask	Determined by segment	Dev Staff	ALL

"*WHY* PEOPLE GIVE IS MUCH LESS POWERFUL THAN *WHO* PEOPLE ARE WHEN THEY GIVE."

--

DR. JEN SHANG,
INSTITUTE FOR SUSTAINABLE PHILANTHROPY

THANKS!

T. Clay Buck, CFRE

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Certified Coach and Master Trainer
clay@nextriverfundraising.com

Next River Fundraising Strategies

Where the Science and Heart of Fundraising Converge.
nextriverfundraising.com