



# Raising Dough Isn't Easy

FOR

# Non-Profits



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# Introduction

According to the 2020 M+R Benchmarks Study, nonprofits send an average of 2 newsletters and 3 print appeals each year. You know your organization's supporters are its best friends. And if you know anything about friendships, you know communication and connection are key to maintaining them. This is why most nonprofits run multiple communication efforts each year such as a semi-annual newsletter or print appeals.

Stay in front of donors through consistent, relevant communications in order to maintain your connections.

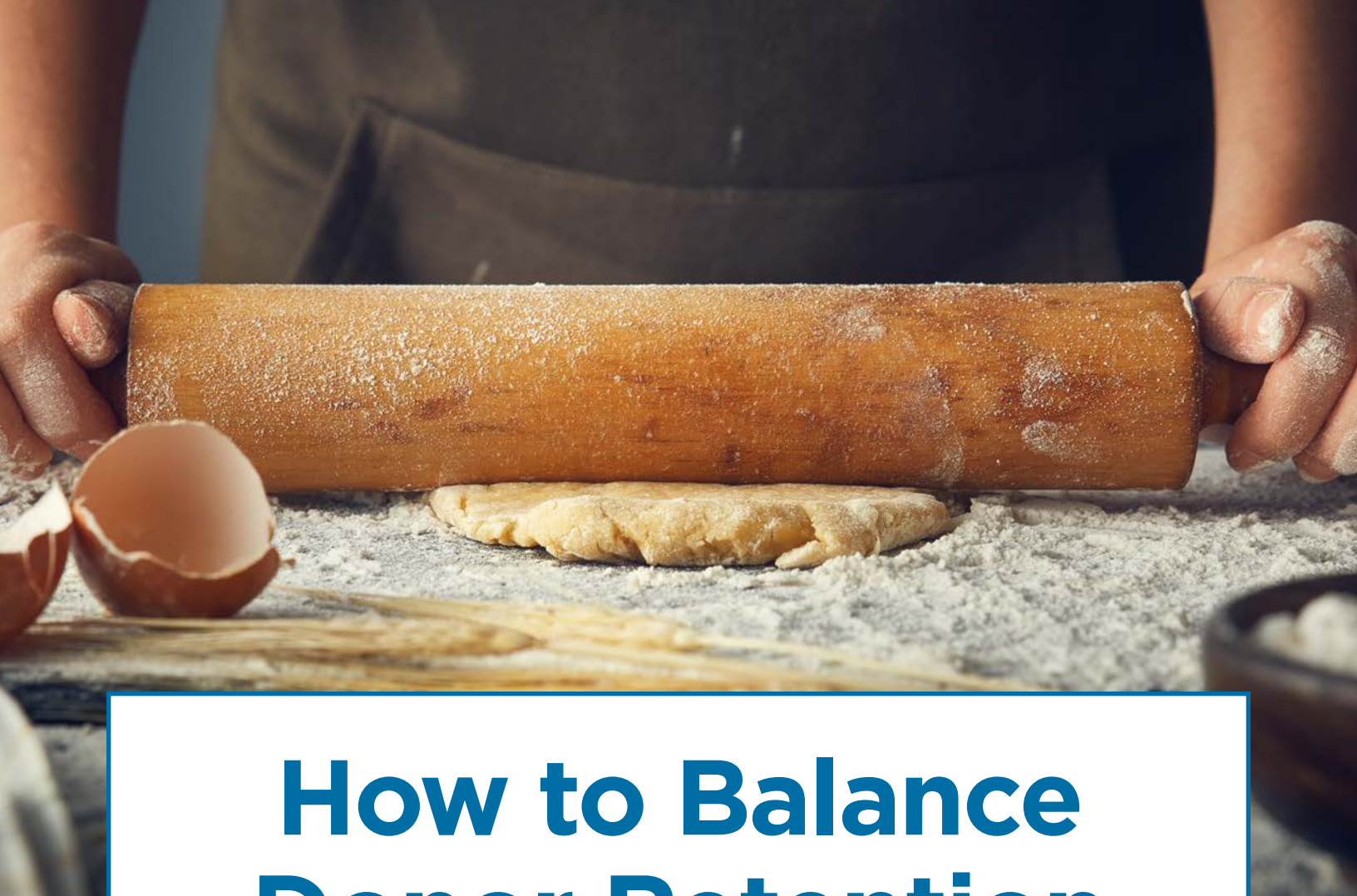
For decades, the marketing industry has stood by The Rule of Seven. Simply put, it takes an average of seven impressions of your message before a prospect will commit.

In an industry where one donor can make all the difference, it's all the more important to consistently engage, stay top of mind and provide easy access for supporters to donate and support your cause.

Use this guide to see how implementing omnichannel marketing can boost your connectivity with donors and consistently promote engagement.







# How to Balance Donor Retention and Donor Acquisition

Nonprofit fundraising is a multi-faceted endeavor focused on donor acquisition and retention. Over the past 15 years, the annual average donor retention rate has ranged from 40-50%. With this being said, there will always be donor attrition. This comes from a natural decrease in support over time, reduced interest in nonprofit causes or events such as the death of a donor.

Nonprofits can combat this natural decrease in support by (1) engaging current donors, (2) running donor acquisition campaigns to gain new donors, and (3) re-engaging lapsed donors.

# How to Balance Donor Retention and Donor Acquisition

## Donor Retention: Engage Current Donors

Upgrade your donors

When it comes to requesting donations through appeals, be sure to upgrade your recurring donor amounts and provide the option to select an “other” amount. For example, if a donor has given \$25 in the past, we recommend using variable data to provide them the option to donate larger amounts that correlate with their previous amount. These amounts should be based on the amount given in the past – a donor who has given \$500 in the past is more likely to respond positively to a return envelope suggesting a \$750 donation than a donor who has given \$75. In addition to this, providing an “other” option gives donors the opportunity to revert to previous donation amounts or donate even more than the amounts listed.

### Communicate and provide opportunities to get involved

This natural decrease in donor support is why you must engage with your donors, connect with them throughout the year to keep them up-to-date on your work, and always provide an opportunity for them to contribute to your work. Once a donor has lapsed, there is a 4% chance that they will return to donate to your organization.

After all your efforts to acquire new donors and such a small chance of getting lapsed donors back, there’s no doubt you want to keep them on board.

The average non-profit sends 2-3 newsletters each year to keep donors engaged. We recommend that your communications pieces include a soft ask to donate or get involved. For example, if you run a print newsletter, include a return envelope; or if you send emails, provide a link to donate online or sign up for volunteer opportunities.

## Donor Acquisition: Running Campaigns

Connecting and developing relationships with new donors involves targeted, recurring communication. Data modeling and targeted mailing lists are ways to strategically reach your ideal potential donors. Have you considered using a mailing list from a similar nonprofit or mailing the neighbors of your donors? Oftentimes, nonprofits find similarities in these people and success in reaching out. Growing this donor base is essential to your long-term success.

While donor acquisition is an essential part of your nonprofit’s success and growth,

# How to Balance Donor Retention and Donor Acquisition (cont.)

acquisition campaigns at face value can seem like a zero-sum game. Response rates vary but in general, nonprofits can expect direct mail donor acquisition campaigns to yield from 0.7-2% response.

These low average response rates make it all the more important that your campaign reach your ideal audience.

## Re-Engage Lapsed Donors

When considering your lapsed donors, it's important that you understand why they have lapsed and from there to determine your strategy for reconnecting. You must handle them differently than you do your current or potential new donors.

While the statistics aren't on your side with a 4% return rate on lapsed donors, not all hope is lost. After all, you already know that this group has an interest in your work. When is the last time you sent a communication about what your organization has been able to accomplish because of their donation? Let them know the impact of their support and that you appreciate them.

All in all, consistent, recurring communication with current and potential donors is necessary to encourage lasting



support. Whether you reach out via direct mail, email, social/digital, a personal phone call, or a combination, be sure to engage consistently.

Want to get started on your strategy today? We're here to help.





# Does Your Donor Base “Knead” Growth?

Your current donors are great, but they are not enough. Fundraising for a non-profit requires a double-edged plan. In order to not only sustain business, but to grow, you must focus on acquisition and retention simultaneously.

## **Acquire New Donors**

Building up your donor list is an ongoing project, as new donors are added you should continuously be on the lookout for additional supporters.

## **Engage Current Donors**

Communicate with donors on a recurring basis, keep them up-to-date on the good you are accomplishing as a result of their donations. This should go beyond annual fundraising pleas.

# 3 Tips to Grow Your Donor Base Through An Acquisition Mailing

## **Don't let your donors disappear.**

Imagine you are the new executive director of Do Good Inc., a local nonprofit. In 2019, your organization received donations from 1,000 supporters. With an annual average gift of \$50 per donor, these supporters gave a total of \$50,000. That amounted to three-quarters of Do Good's annual budget.

This year is looking like a different story. Like every nonprofit in America, through no fault of its own, Do Good has lost donors. Some sources say that the average nonprofit will lose 45 out of every 100 donors each year. With the impact of the last two years that figure is guaranteed to be even higher. Consider these factors, applied to Do Good's supporters.

## **Of those 1,000 supporters...**

**100 donors moved:** Given that about 10 percent of Americans move each year, it's possible that 100 of those 1,000 donors packed up and left town, taking their financial support with them.

**8 donors died:** On average, 8 out of every 1,000 Americans die each year. The number of supporters your organization loses to death will vary, of course, depending on factors like the average age

of your donors. If your donor base is older, you might lose more; if yours is a youthful demographic, it likely will be less.

## **Dozens of donors lost due to other issues:**

A lot of things impact the likelihood that a donor will continue to make donations to your organization. A portion of donors will face some sort of crisis or life change. They'll lose their job, have a devastating illness, decide to retire, have a baby, send a child or two to college. Stats show that those who've given for the first time don't always give again. Up to half of first-time donors fail to make a second donation.

Given all these factors, it is possible that in the coming year, Do Good Inc. will have 450 fewer donors and \$22,500 less in donations.

While these numbers likely don't echo the exact experience of your nonprofit, losing donors is an issue all nonprofits face. Your donor list gets depleted over time, so you must find new donors to replace them.





# Grow Your Donor Base (cont.)

Attracting them comes at a cost, but it is an investment required for your institution's viability and stability. Donor acquisition will always cost your organization in the short-term, but will pay off long-term as a good many new donors continue to make gifts.

## **Tip 1: Acquisition mailings work.**

One of the most common ways to acquire new donors is through an acquisition mailing. It's a fundraising appeal that is sent to people who have not supported your organization in the past but have qualities that make you believe there is a good chance they will make a gift.

For these efforts to be effective, it is best to work with a direct mail expert. Most will recommend that instead of buying one expensive mail list of potential donors, you sample several mailing lists by buying part of a list and doing a test mailing to see which list is most effective. A direct

mail expert can help you in several ways. They will know the best sources for valid, reliable mailing lists and they will be able to identify, based on the current donor profile that you will provide, lists that are best-suited to your organization. Some of the list selection boils down to common sense. For example, people who make donations to an organization that preserves the national forests would also likely want to support an organization that protects the nation's wild rivers.

By breaking down the per donor cost of this sort of a direct mail fundraising appeal, you can better understand how the investment will eventually pay off.

For example, if your nonprofit does an acquisition mailing to 10,000 prospects at a cost of \$7,500 and gets 100 donors who make an average gift of \$35, you have acquired 100 new donors at a cost of \$40



# Grow Your Donor Base (cont.)

per donor. (\$7,500 less \$3,500 in gifts divided by 100).

The key is to cultivate these new donors, encouraging them to give larger gifts in future years or to even sign on to a monthly or quarterly giving schedule.

## **Tip 2: Other ways to grow your donor base:**

Fundraising experts are quick to point out that donor acquisition should be more than an annual or semiannual direct mail appeal. It should be a part of a nonprofit's daily routine, and, it should take multiple approaches.

### **Use your connections.**

Your nonprofit has a powerful network at its fingertips – your board members and volunteers. People tend to gravitate toward those who have the same interests and affiliations as they do, so chances are good your network can connect you with others who would be interested in supporting your cause. Without hounding them, kindly ask your board and volunteers to offer names and contact information of those within their circle of friends and associates who might be interested in learning more about your organization. Add them to your mailing list and ask your contacts to reach out to them in a personal way about supporting your organization.

### **Network and collect names wherever you are.**

People who aren't necessarily your annual donors often attend your fundraising events. Don't neglect to add them to your list of potential donors. The runners who compete in your 10k, the guests that a board member invites to the annual gala, the guest who attends a thank-you lunch with a volunteer.

## **Tip 3: Research similar organizations and their supporters. Who supports organizations like yours?**

Take a look at who supports organizations like yours. If your nonprofit provides free health services to children, take a look at the list of supporters in annual reports for organizations that have similar missions—nonprofits that provide healthcare to poor families or shelters for women and children, for example. Although the annual reports won't include contact information, a professional mailing house could do the research required and add these people to your mailing list. It's important to remember that mailings that are targeted at people who are similar to your typical donor will perform best.

For more information about how to achieve the best results with a donor acquisition mailing, give us a call. We can help you find effective mailing lists and test them and help design, print and mail your fund-raising appeal to these new donors.





# Repeat Donors... The Best Thing Since Sliced Bread!

The term “donor stewardship” always strikes me as stuffy. My suggestion? Describe being a good steward of donors as building solid, lasting relationships with them.

Making connections through donor stewardship helps bring in larger gifts and more loyal donors, which can make it one of fundraisings most fruitful endeavors. Through donor stewardship, your efforts pay off in substantial ways, for example, when, thanks to the relationship you build, a donor who once gave \$1,000 a year decides to increase her gift to \$5,000.

# Donor Stewardship: 5 Ways to Build Donor Relationships

## **Step 1: Thank all your donors promptly and in a personal way.**

The “Dear Donor” letter does not impress or inspire future financial support. As a donor, I want institutions I support to know me by name, realize how much money I gave and tell me, even if it is in fairly general terms, how that money is helping them do good. A thank you can take many forms. Donors don’t care if it is a letter, a notecard or a postcard. If they made the gift online, a thank-you by email is fine, as long as it is earnest. A thank-you video could even be fun to see. And if you really want to surprise and thrill a donor, have a board member, the executive director or better yet, a child who is learning to read because of a donation made to your literacy program, write a donor a thank-you note. And if the donation was a significant gift — let’s say \$1,000 — don’t stop with cards or letters, call and thank the donor in person or even arrange to visit them.

## **Step 2: Now decide where to focus the rest of your efforts.**

That \$1,000 donation brings up another point. You can’t afford, in time or budget, to build deep relationships with every donor. The person who gives \$25 every other year has less potential to become a larger contributor than the person who gives \$1,000 a year or who has signed on



for monthly gifts of \$75. If I donate \$25 to your nonprofit, I’m probably happy with a thank-you letter and a few updates from the organization throughout the year. Send me your newsletter and the annual report. Invite me to compete in your annual 5K fundraiser. But if I donate \$1,000, I need more. Each organization has to decide what it will do to enhance relationships with donors at different levels. Basically, you have to look at donors who make substantial gifts, who give loyally or who have, you believe, the means and potential to do one, the other or both in the future.

There are many sample templates out there, created by nonprofits or nonprofit experts. I recommend you tweak one to fit your organization or take ideas from several and combine them to make your own spreadsheet or grid. This is a good time to involve your IT department; they will have ideas about how to mechanize



# Donor Stewardship (cont.)

the process so that you can keep up with when and how to reach out to these major donors. Sit down with staff to decide where to put the effort and what your stewardship efforts will include. There are many great ideas out there, but no organization has the time or money to do them all. So pick what will be most effective for your organization.

## **Step 3: Find ways to connect that delight and surprise.**

One way to expand relationships with major donors is by surprising them with an unexpected (small) gift or invitation.

Perhaps you send a welcome packet to donors who give \$500 or more. If your organization does its work in a brick-and-mortar facility, invite a donor in for a tour so they can see, firsthand, what their donation is doing to improve things. Our local Salvation Army runs a shelter for women and children with multiple services—housing, educational and recreational programs, medical and social services. Many a donor has been inspired to give more after seeing homeless families in a safe, secure space, getting assistance that will help them move to permanent housing and a more stable living situation.

## **Step 4: Keep those cards, letters and emails flowing.**

Find ways to keep communication frequent and flowing with major donors. A card that marks the one-year anniversary of their last gift or a card that reminds them they just celebrated a decade of giving to your organization make it clear they are important to you. Through all of your donor stewardship efforts, you will get to know these supporters better, learning about their hobbies, interests and families. Knowing someone at that level opens opportunities to send links to stories you read that they might be interested in, book and movie recommendations or news about events that they might want to attend, whether



# Donor Stewardship (cont.)

it be a lecture by a noted speaker or a performance by a well-known opera singer.

## **Step 5: Get donors more involved.**

Getting donors more involved can be as simple as reaching out to a few of them by phone each week to seek an opinion or feedback on an issue that faces your institution or to fill them in on a new grant your organization received and how it will be used. You can invite major donors to attend a board meeting or host a luncheon where they and your volunteers are honored. Hearing about the organization from a volunteer's perspective can give them a deeper perspective of your work. You can also ask a donor to volunteer for the organization, perhaps by leading a committee or chairing a fund-raising event.

## **The payoffs of donor stewardship can be huge.**

Donor stewardship has so many upsides that it is surprising that some nonprofits put little effort into building these important relationships. It costs far less to convince current major donors to continue or increase their support than it does to find new donors. And, as you build personal relationships with these important people, you and your organization will become increasingly comfortable asking them to do more.

If you'd like to talk about some ways you can boost your donor stewardship program, by communicating with them more through direct mail, annual reports and email messaging, give us a call.







## About

Bluegrass partners with nonprofits to deliver custom, results-oriented direct mail fundraising and communications campaigns to reach and exceed their unique goals. As an omnichannel marketing agency, Bluegrass provides both the tangible and technological pieces required to get your campaign off the ground.

With almost 50 years in business, Bluegrass has the experience and expertise to boot.

## Our Commitment

As the needs of businesses have evolved, Bluegrass has adopted new technologies and solutions. We continue to meet our client's growing needs by adding crucial services, from the physical processing of mail to highly interactive campaigns.

# Let's Work Together.

TO LEARN MORE, VISIT:

**WEAREBLUEGRASS.COM**

OR CALL:

**800.928.6245**

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