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Basic principles and best practice for fund development

Yes, you can raise money... But only if you know the right stuff

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A special resource for organizations working with the Lenny Zakim Fund.

Most nonprofit organizations need to raise money. Many organizations struggle with raising more money – or even money at all.

Guess what: Facebook probably isn't the answer. Furthermore, there's no guarantee that you can raise more money.

However, there's one guarantee about raising money: If you don't do the right stuff, you won't raise money.

So this document is a resource for you to do the right stuff in the right ways. Things like loyalty and donor centism and face-to-face solicitation...and more.

If you do all the right stuff well, you might be able to raise more and more money. Ready. Set. Go!

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General overview

Charitable contributions are essential to the health of most nonprofits. To receive you must ask – so that makes fundraising essential to the health of most nonprofits, too.

But, sadly, too many organizations do fundraising rather poorly. Some nonprofits don't know the body of knowledge. Other nonprofits treat fund development as a series of unrelated money-raising activities.

The result in both situations? Occasional short-term success and long-term failure. And if anything teaches us this truth, it's an economic downturn.

This introductory overview to fund development avoids the quick-fix approach and demands you think of fundraising as a thoughtful, coordinated process that considers your mission and your resources.

If you are a start-up, this workshop can help you. If your organization struggles to raise money, this workshop can help, too. If you depend upon foundation grants and special events, this workshop can help you focus on individual giving. And if your board members are reluctant to help, you'll learn how to change that.

Now is the time. This workshop explores critical concepts for successful, long-term fund development.

P.S. Fundraising is fundraising.

By that I mean, raising money for any type of organization / mission is pretty much the same. And, raising money for operations/core program or for a building or for endowment or...is pretty much the same, too. The difference might be length of the initiative or intensity. But nonetheless, fundraising is fundraising.

Fundraising is plagued by various myths and bad practice.

The myths scare staff, board members, and other fundraising volunteers. The bad practice ignores the body of knowledge. The bad practice often comes from board members who think they know stuff (because they've served on lots of boards or participated – as a volunteer – in fundraising activities), from bosses who ignore their competent development staff. And, sadly bad practice sometimes comes from fundraising staff and consultants who don't stay on top of the body of knowledge.

Some nonprofits hope for quick fixes and silver bullets. Sorry. Not going to happen. Some nonprofits treat fund development as a series of unrelated money-raising activities. The result? Occasional short-term success and long-term failure.

If your organization is just starting out, start out right! If your organization struggles to raise money, use these materials. If you depend upon foundation grants and special events, these materials can help you focus on individual giving. And if your board members are reluctant to help, you'll learn how to change that.

Useful resources.... But just a few actually!

1. Selected blogs: www.futurefundraisingnow.com, www.theagitator.net. See Pam Grow's newsletter for small development offices. And so many more!!!!
2. Definitely read CompassPoint's study, *UnderDeveloped*. See my response on my website.
3. Visit www.simonejoyaux.com. Check out the Free Download Library for handouts about governance, fund development, strategic planning, and more. Subscribe to Joyaux weekly blog Simone Uncensored, and monthly free e-news.
4. Tom Ahern's free e-news by visiting www.aherncomm.com. Tom's books about donor-centered communications.
5. *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, Ahern and Joyaux. *Strategic Fund Development: Building Profitable Relationships That Last*, 3rd edition, by Simone Joyaux.
6. *Fundraising Principles and Practice* by Sargeant, Shang, and Associates. *Building Donor Loyalty* by Sargeant and Elaine Jay.
7. For personal face-to-face solicitation, see www.askingmatters.com. See Andrea Kihlstedt's book on asking styles. See Laura Fredricks' *The Ask*.
8. Fundraising for social justice and change: *Robin Hood Was Right*, by Collins, Rogers, and Gardner. *Grassroots Fundraising Journal*, and *Fundraising for Social Change* by Kim Klein.
9. *Chronicle of Philanthropy*, www.philanthropy.com and *Nonprofit Quarterly (NPQ)*, www.nonprofitquarterly.org.
10. Simone's favorites about technology and social media: Jaron Lanier (father of virtual reality), *You Are Not A Gadget: A Manifesto*. Sherry Turkle (MIT social scientist), *Alone Together: Why We Expect More from Technology and Less from Each Other*.
11. For great fundraising examples, visit www.softi.org, Showcase of Fundraising Innovation and Inspiration.
12. *Retention Fundraising – The New Art and Science of Keeping Your Donors for Life*, Roger Craver.
13. Educate yourself: Attend workshops/conferences at your local chapter of AFP (www.afpnet.org). Visit Third Sector New England, www.tsne.org, CompassPoint (www.compasspoint.org). ETC!

Joyaux bio:

I'm often described as "one of the most thoughtful, inspirational, and provocative leaders" in the philanthropic sector. I'm proud that my reputation is international – giving me the opportunity to present all over North America and in Paris, Brussels, Geneva, Australia, New Zealand, Italy, Slovakia, The Netherlands. I also serve on faculty for the Masters Program in Philanthropy and Development at Saint Mary's University of MN.

In January 2016, I began my 29th year as a fulltime consultant, specializing in fund development, governance/board development, and strategic planning. I work with all types and sizes of organizations.

I'm a well-respected author. Two of my books are considered standards in the field (*Strategic Fund Development* now in its 3rd and expanded edition, *Keep Your Donors*, co-authored with Tom Ahern). My newest book, *Firing Lousy Board Members – And Helping the Others Succeed*, also receives rave review. And, I've contributed to three other books.

I write a web column for the *Nonprofit Quarterly*, www.nonprofitquarterly.org, and also feature articles for NPQ and other publications. I blog weekly as, "Simone Uncensored," and I publish a monthly free e-news.

As I volunteer, I founded the Women's Fund of Rhode Island (www.wfri.org), a social organization. I currently serve on the board of Planned Parenthood of Southern New England and serve as chair of the Advisory Board of the Hartsook Centre for Sustainable Philanthropy, Plymouth University, U.K.

Agenda and key points

Key points	Resources
<p>Everything else has to be in place first “The capacity to learn is a gift; the ability to learn is a skill; the willingness to learn is a choice.” [Dune: House Harkonnen, Herbert and Anderson]</p>	
<p>1. What has to work well</p> <ul style="list-style-type: none"> A. Mission that’s relevant to the community – coupled with quality services and quality delivery B. Basic good business practice <ul style="list-style-type: none"> i. Systems thinking and learning organization theories ii. Adaptive capacity: external focus, network connectedness, inquisitiveness, innovation C. Limitations of technical fundraising: most fundraising problems are not fundraising problems. D. Culture of philanthropy E. Folie du pourquoi - why <ul style="list-style-type: none"> • Ahern’s two fuel tanks: “how” and “why”. We use the “how” tank all the time and forget the “why.” F. Personal and organizational commitment to conversation and questioning, learning and change <ul style="list-style-type: none"> i. Asking meaningful and cage-rattling questions ii. Conversation as a core business practice iii. Conversation as the art of relationship building G. Valuing and using research <ul style="list-style-type: none"> • Sector research and your organization’s own H. Beware of personal opinion. Position yourself well. <ul style="list-style-type: none"> i. Use documented body of knowledge and best practice. Qualified opinions only, please! Check out this Dilbert cartoon: http://www.dilbert.com/strips/comic/2012-10-07/ ii. Body of knowledge, best practice, and next practice iii. “Effective is a fact. It’s accomplishing its objectives, or it’s not.... An ‘expert’ whose opinion consists of how something makes her feel is <i>not an expert at all</i>.... Any schmuck can tell us how [something] affects him. And the schmuckier the person, the more likely he’ll tell us. An actual expert will never bother to mention their own reaction. They’ll focus on facts.” (Jeff Brooks donor power blog, 09-03-09) 	<p>“Making Change: Building Adaptive Capacity,” Carl Sussman, <i>Nonprofit Quarterly</i>, Winter 2003. www.nonprofitquarterly.org</p> <p>See monograph <i>Choosing Your Road</i> in the Free Download Library at www.simonjoyaux.com. Also described in <i>Strategic Fund Development</i>, 3rd edition.</p> <p>What’s your corporate culture? See questions on page 26, <i>Keep Your Donors</i>. See also <i>Strategic Fund Development</i>, 3rd edition.</p> <p>See folie du pourquoi, pg. 11, <i>Keep Your Donors</i></p> <p>See pages 14 – 15 in this handout, <i>Opinion versus expertise</i></p> <p>See Peter Senge, Jim Collins, and more. See booklists in this handout – and booklists at www.simonjoyaux.com.</p> <p>What are you reading? What research sources do you use regularly? How do you share research with staff and board, building understanding, convincing them, and producing ownership?</p>

Key points	Resources
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Some stories to set the framework for philanthropy and development (fundraising)

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| <ol style="list-style-type: none"> 1. People pay attention to what interests them. The corollary is: <ol style="list-style-type: none"> A. Simone and the NCAA basketball championship B. Tom and Simone in France and the World Cup C. Soliciting a gift is not a presentation – it’s a conversation. And a solicitation can be an extraordinary experience. | <p>Keep these stories in mind for your fundraising work.</p> <p>Simone and the Equity Action solicitation.</p> |
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A few quick points

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| <ol style="list-style-type: none"> 1. Defining philanthropy and fund development 2. Balanced mix of sources and solicitation strategies 3. Relationships make the world go ‘round. But no trespassing! <ul style="list-style-type: none"> • “Relationship fundraising is an approach to the marketing of a cause which centres not around raising money but on developing to its full potential the unique and special relationship that exists between a charity and its supporter. Whatever strategies and techniques are employed to boost funds, the overriding consideration in relationship fundraising is to care for and develop that special bond...” 4. Some very disturbing news – but no surprise:
<i>UnderDeveloped: A National Study of Challenges Facing Nonprofit Fundraising.</i> 5. Pay attention to this stuff. <ol style="list-style-type: none"> A. Create a culture of philanthropy. B. Use documented body of knowledge and best practice. Qualified opinions only, please! C. Most fundraising problems are not fundraising problems; they’re organizational development problems. D. Philanthropy is not about money or the size of the gift. E. Giving is an emotional act, not a financial transaction. All human decisions are triggered by emotions – weird, eh? F. Don’t misunderstand visibility and branding – many do! | <p>See <i>Basic Principles</i>, pages 16 – 18.</p> <p>See <i>Giving USA: The Annual Report on Philanthropy</i>, www.givingusa.org.</p> <p>Ken Burnett, author of <i>Relationship Fundraising: A Donor-Based Approach to the Business of Raising Money</i> (1992), is the first user of the term “relationship fundraising.”</p> <p>Read Ken’s book <i>The Zen of Fundraising</i>.</p> <p>See the study, www.compasspoint.org. Also read Simone Uncensored, my 3-part blog about the study. Also posted in my Free Download Library.</p> <p>What do your values, mission and vision say? Remember, values are the bedrock of your work. Values first. Then mission and then vision.</p> <p>See Joyaux website for handout re: culture of philanthropy, and organizational development issues.</p> <p>In this handout: <i>Basic Principles of Fund Development</i>, pages 16 – 18.</p> <p>See <i>Creating an effective development program</i>, on my website.</p> |
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What’s happening in the marketplace – and how does it affect life – and nonprofits, too?

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| <ol style="list-style-type: none"> 1. Economy 2. Credibility of nonprofit sector 3. Organizational capacity 4. Congestion, not competition | <p>What’s happening right now? What happened yesterday – and what do you anticipate for tomorrow?</p> <p>How do you learn about what’s happening?</p> |
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Key points	Resources
Creating a donor-centered organization...attitude, behavior, and strategies	
<ol style="list-style-type: none"> 1. Are donors central to your organization's health? If yes, prove it! Adopt the donor-centered approach. 2. Your organization serves as the conduit to achieve the donor's desires and aspirations. 3. Absence does not make the heart grow fonder. 	<p>In this handout: See page 19, <i>Donor-Centric Pledge</i>.</p> <p>See these books: <i>Keep Your Donors</i>, <i>Building Donor Loyalty</i>, and <i>Donor-Centered Fundraising</i>.</p>

Building donor loyalty: An overview

"The product is what the customer thinks it is, and what I think has little to do with that. I can only learn from the customer what they expect...a product isn't for everyone, it's for someone." [The Big Moo]

"The donor is at the center. Whatever 'moves' the donor to action is the job of the development officer to identify and respect, protect and preserve, and facilitate its expression and manifestation." [Joanne Gambino-Morehouse, Albany NY]

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| <ol style="list-style-type: none"> 1. Like any business, fundraising depends upon loyalty. Loyalty (and lifetime value) is the holy grail¹ of fundraising. | <p>Nonprofits have been experiencing a donor retention crisis since before the 2008 recession. So what's a retention crisis?</p> |
| <ol style="list-style-type: none"> 2. Simone's two equations <ol style="list-style-type: none"> A. Loyalty = Donor-centered organization + comprehensive relationship building program B. Comprehensive relationship building program = donor-centered communications + extraordinary experiences | <p>What is your DCQ? See page 20.</p> |
| <ol style="list-style-type: none"> 3. How can your organization build donor loyalty? <ol style="list-style-type: none"> A. First, operate as a donor-centered organization. B. Second, develop a donor-centered relationship-building program and steward your donors well. C. Remember, good fundraising does not focus on money. Instead, good fundraising focuses on the donor's interests and aspirations. | <p>Loyal donors give over and over. They may give more often. They may increase their gifts.</p> <p>And loyal donors are the ones who give bequests, pinnacle of all gifts.</p> <p>Mission centered is critical. Customer-centered is critical, too. And donor-centered is just as important!</p> |
| <ol style="list-style-type: none"> 4. Fundraisers and organizations don't focus enough on donor loyalty (retention). And it's a bit of a crisis! <ol style="list-style-type: none"> A. Average U.S. year-on-year retention rates = 43%. B. 7 out of 10 first-time donors don't give a second gift C. Costs 10 times more money to acquire a donor than to keep a current one. D. Excessive focus on acquisition distracts from loyalty, the Holy Grail. E. Dissatisfaction with your organization – produces poor word-of-mouth. | <p>See <i>Keep Your Donors: The Guide to Better Communications and Stronger Relationships</i>.</p> <p>One of the most important statements ever made: "You'll have more fun and success when you stop trying to get what you want and start helping other people get what they want." [Dale Carnegie, 1930s American self-help guru, <i>How to Win Friends and Influence People</i>]</p> |

¹ Coined by the agitators, Roger Craver and Tom Belford, www.theagitator.net.

² Visit www.sofii.org, the global Showcase for Fundraising Inspiration and Innovation.

Key points	Resources
Building donor loyalty – an overview, continued...	
<p>5. Adrian Sargeant’s research tells us that the key drivers of donor loyalty (and lifetime value) are satisfaction, trust, commitment, and engagement. (Adrian is the world’s leading fundraising researcher.)</p>	<p>See page 17, item #4... the 7 factors that produce loyalty.</p>
<p>6. All donors expect good stewardship. But not all donors want relationships. However more donors want a relationship than you suspect. So don’t disappoint them!</p>	<p>See details and examples in books by Tom Ahern, Simone Joyaux, Ken Burnett, etc.</p>
<p>7. Nurturing relationships is how you retain donors. Your relationship-building program is just as important as your solicitation program.</p>	
<p>8. Eight steps to develop and nurture relationships <i>The first two steps (A and B) are the process of “acquisition.”</i></p> <p>A. Identify qualified prospects first, e.g., your clients, customers, whatever you call them.</p> <p>B. Identify the predisposed. Qualify them as prospects – and if they don’t express that interest, leave them alone. No convincing or educating!</p> <p>C. Gain the necessary depth of understanding about your <u>qualified</u> prospects and your donors. <i>Remember, donor retention is the first priority, not acquisition. Let’s not lose the donors we already have!</i></p> <p>D. Identify what your organization and your donor (or prospective donor) have in common.</p> <p>E. Nurture the relationship to development commitment. <ul style="list-style-type: none"> i. Keep getting to know them better: their interests and disinterests, their motivations and aspirations. ii. Cultivation (engagement, involvement) iii. Communications (stories you tell, impact you make) </p> <p>F. Evaluate interest and readiness for the request.</p> <p>G. Ask and thank.</p> <p>H. Monitor progress and measure results.</p>	<p>For details and examples about this process, see detailed description and examples in <i>Keep Your Donors</i>.</p> <p>Visit www.simonejoyaux.com for free handout on <i>Building Relationships</i>. Click on Resources / Free Library / Fund Development / Relationship Building.</p> <p>See Burnett’s <i>The Zen of Fundraising</i> for lots of great cultivation ideas.</p> <p>See Sargeant’s <i>Building Donor Loyalty</i> for research on donor / customer service.</p>

Key points	Resources
<p>Emotions are the key decisions-makers.</p>	
<p>“There can be no transforming...of apathy into movement without emotion.” [Carl Gustav Jung]</p>	
<p>“The essential difference between emotion and reason is that emotion leads to action, while reason leads to conclusions.” [Neurologist and author Donald B. Calne]</p>	
<p>1. Neuroscience and psychological research prove it. Think MRI.</p>	<p>See Tom Ahern, expert in donor-centered communications.</p>
<p>2. Emotional triggers</p>	<p>www.ahernncom.com.</p>
<p>A. Direct marketing’s top 7 emotional triggers (anger, fear, greed, guilt, flattery, exclusivity, and salvation)</p>	<p>See research by Drs. Dimasio and Bechara summarized in Chapter 9, <i>Keep Your Donors</i>.</p>
<p>B. Tom Ahern’s twin sets: raise the problem (or opportunity), be the solution.</p>	<p>Learn lots on this blog: www.neurosciencemarketing.com</p>
<p>3. Emotional messaging works; rational messaging hurts. Ad effectiveness: Rational content, 16%. Mixed content, 26%. Emotional content, 31%. “The study attributes this split to our brain’s ability to process emotional input without cognitive processing...as well as our brain’s more powerful recording of emotional stimuli.”</p>	<p>www.neurosciencemarketing.com, 07-27-09</p>
<p>4. Flattery works really well. “Even when people perceive that flattery is insincere, that flattery can still leave a lasting and positive impression of the flatterer.” Of course, ethical marketers and fundraisers use flattery honestly.</p>	<p>www.neurosciencemarketing.com, 02-17-10 – research by Elaine Chan and Jaideep Sengupta of the Hong Kong University of Science and Technology</p>
<p>5. Negative information is better received than positive. And, we process negative emotions more easily than positive ones. “People can perceive the emotional value of subliminal messages...and [people] are much more attuned to negative words.... there are evolutionary advantages to responding rapidly to emotional information.”</p>	<p>The Agitator blog, 10-09-09 Research from the Institute of Cognitive Neuroscience at University College London</p>
<p>6. Correcting mistakes causes a dopamine high.</p>	<p>My EMILY’s List story</p>
<p>7. The threat of loss is more motivating than the promise of gain.</p>	<p>See Robert Cialdini’s work.</p>
<p>8. And for more stuff about the brain and books that have implications for fundraising and relationship building and life!</p>	<p>Journalist Shankar Vedantam’s book <i>The Hidden Brain</i>.</p>
	<p>Journal Maggie Jackson’s book <i>Distracted</i>.</p>
	<p>Dan Ariely’s book <i>The (Honest) Truth About Dishonesty: How We Live to Everyone – Especially Ourselves</i>.</p>

Key points**Resources****Building donor loyalty: Donor-centered communications**

“The universe is made of stories, not atoms.” [Muriel Rukeyser, American poet and political activist]

“Writing...is but a different name for conversation.” [Laurence Sterne, *The Life and Times of Tristram Shandy*]

“Everything is a tale. What we believe, what we know. What we remember, even what we dream. Everything is a story, a narrative, a sequence of events with characters communicating an emotional content. We only accept as true what can be narrated.” [Carlos Ruiz Zafón, *The Angel’s Game*]

Tom Ahern, Ahern Communications is a guru in the field.

1. Apply hard-core marketing principles to fundraising.
 - A. Regular and frequent contact (not asking for money) – because absence does not make the heart grow fonder.
 - B. People pay attention to what interests them. It’s not what you’re selling; it’s what I’m buying that matters.
 - C. Concept of permission marketing
 - D. What visibility and branding really mean
2. How good are your communications? Do prospects and donors look forward to hearing from you? Put the right person in charge – the person with the body of knowledge.
3. Action is the objective; reading is optional.
 - A. There’s an onslaught and you’re part of the problem.
 - B. Sell feelings.
 - C. Sell impact. (Here’s what \$_____ produces / buys.
4. Tom Ahern’s 4 quadrants for donor communications
 - A. Accomplishments (not activities, but impact)
 - B. Opportunities to give (offers)
 - C. Reassurance (why I should trust you; your credibility)
 - D. Donor recognition (donor love)
5. Just a few quick tips for writing better
 - A. Passing the “you” test. That’s what donor-centered means.
 - B. Write for speedy reading, e.g., headlines and skimming.
6. Telling a story: “Then what happened?”
 - A. Anecdotes versus statistics
 - B. Spears and sensory detail
 - C. Bad casting: Your NGO is the hero not the donor.
 - D. Tell one story, not multiple stories. So says research.
7. Readability: Watch out for graphic designers.
8. Social media is not the answer to everything, so says research.

www.aherncomm.com

Fundraising communication is NOT corporate communication. Visit www.aherncomm.com to learn more.

Read Seth Godin’s blog and books. Very useful for thinking, planning, marketing, etc. *Permission Marketing, Tribes, Linchpin, The Big Moo.*

Communications is a key way to build relationships. But donors don’t read because most NGO communication is so poor.

Use a donor newsletter! You cannot just solicit.

Print newsletters are still better than electronic newsletters to raise money.

Subscribe to Ahern’s free e-news and see examples, www.aherncomm.com.

Read Chip and Dan Heath *Made To Stick* and *Switch*.

You’re not writing for your professor. You are not writing for any academic!

In fundraising, your story is called the case for support. See Joyaux and Ahern websites.

You need master storytellers. And you need master story listeners.

Research by Colin Wheildon

Key points	Resources
<p>Building donor loyalty: delivering extraordinary experiences to donors</p>	
<p>“Donors get to dream together with us and have the opportunity to join with us in making our shared dream a reality.” [Diana Miller, Saint Mary’s University Philanthropy and Development Program]</p>	
<p>Sir Denys Lasdun, English architect, says that the architect’s job is to give a client: “Not what he wants but what he never dreamed that he wanted; and when he gets it, he recognizes it as something he wanted all the time.” That’s what donor-centered organizations do, too.</p>	
<ol style="list-style-type: none"> 1. What does “exceptional” or “extraordinary” mean? How much will it cost? Who will do it? 2. Delivering exceptional experiences – helping donors dream <ol style="list-style-type: none"> A. Your organization is the conduit to achieve the donor’s desires. Show me how my gift made a difference! B. Truly engaging donors – and even creating a tribe C. Offering donors choices – like what? 3. Some things for everyone and some things from some people only. How do you decide? What criteria do you use? 4. Ideas for exceptional and extraordinary donor experiences <ol style="list-style-type: none"> A. Access activities <ol style="list-style-type: none"> i. Insider update gatherings ii. Meetings with leadership iii. Backstage tours iv. What else? B. Mingling/schmoozing at events, programs, in hallways! C. Thank-you calls by board members. Just do it! D. Even more personal contact, face-to-face if possible E. Regular focus groups: If I ran a development office right now, I’d do focus groups all the time about lots of different things. F. Interview donors for their philanthropic stories. <ol style="list-style-type: none"> i. How will you use these stories? For example: in your newsletter, at your events, on your website, in your case statement, etc. ii. Have you ever experienced this – as a donor or as development officer? G. Social media networking (But this is definitely not the be all and end all!) 	<p>How will you engage me?</p> <p>How will you and your organization fulfill me?</p> <p>Describe how your organization serves as a conduit to achieve a particular donor’s desires?</p> <p>Does your organization give without expecting anything in return?</p> <p>Size of gift is <u>not</u> the major criterion!</p> <p>See <i>The Zen of Fundraising</i> and <i>Keep Your Donors</i>.</p> <p>Check out the other authors in this handout for their ideas.</p> <p>Watching videos online is now bigger than googling.</p> <p>Donor communications should provide exceptional experiences for your donors. But you have to do it extraordinarily well. So ask me about the Gillette Hospital System in Minnesota.</p> <p>See Ken Burnett’s book <i>Storytelling</i>.</p> <p>See my 2012 article on social media in the Free Download Library on my website.</p>

Key points	Resources
<p>Building donor loyalty: Conversation nurtures relationships “For enthusiasts conversation is an art, one of the great pleasures of life, even the basis of civilized society.” [“Chattering Classes,” <i>The Economist</i>]</p>	

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| <p>1. Most successful conversations don’t end by “closing the sale.”
 The goal of the call is to: “have your relationship be better at the end of the conversation than it was at the beginning.
 Successful selling is usually not about going for the close. It’s about advancing your relationship.”</p> | <p>Tom Peters, from Phyllis Freedman, the Planned Giving Blogger, 03-17-10</p> |
| <p>2. Conversation is how you get to know people and engage them.</p> <p>A. Engage in different types of conversation, e.g., informal in various settings; a formal interview that produces conversation, etc.</p> <p>B. Use these phrases from the Trust Matters blog: “That makes sense,” “Tell me more,” and “I don’t know.”</p> <p>C. Conversation includes listening and observing.</p> <p>D. Spoken communications depends on three elements to convey meaning, the least of which is words. (Dr. Albert Mehrabian’s pioneering research.)</p> <ul style="list-style-type: none"> i. 7% of meaning comes from the spoken words ii. 38% of meaning comes from the way we say the words iii. 55% of meaning comes from nonverbal cues <p>E. Observing is about understanding. That’s where the real breakthroughs happen, says Bruce Temkin in his blog Customer Experience Matters.
 “Breakthrough innovations often address needs that customers [donors] can’t imagine.”</p> | <p>Easing into a conversation by talking about the weather – how wrong was I!
 See <i>The Big Moo</i>.</p> <p>See social styles and their impact on communications, Chapter 16 of <i>Keep Your Donors</i>.</p> <p>See the beautiful little book <i>Conversation</i> by Theodore Zeldin.</p> |
| <p>3. Conversation depends on questions – meaningful and cage-rattling questions. How do we construct good questions?</p> | <p>See sample questions to ask your donors on page 24.</p> |
| <p>4. What questions do you want to ask prospects and donors?</p> <p>A. Are you comfortable being asked those questions?</p> <p>B. How deep are your conversations with your donors?</p> <p>C. Where do you hold your conversations?</p> <p>D. How do you use the findings from your conversations?</p> <p>E. How do you engage board members in holding these conversations?</p> | <p>Ask me about the interview Tom and I had with the Rhode Island Foundation.</p> |

Think about all the great conversations you’ve had in your life. What made them particularly special? How can you keep this going?

Key points	Resources
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Measuring effectiveness in fund development. *Is it working?*

“Data itself is nothing unless one uses it as a resource from which to draw conclusions.” [Dune: The Machine Crusade, Herbert and Anderson]

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| <ol style="list-style-type: none"> 1. What gets measured gets done. <ol style="list-style-type: none"> A. Measuring what’s important consistently and over time B. Qualitative and quantitative metrics. Compiling evidence. | <p>See pages 25 – 26, <i>What effective organizations measure.</i></p> |
| <ol style="list-style-type: none"> 2. Define institutional measures. Define measures for employee appraisal. Define measures for board members. | <p>See <i>Good to Great and the Social Sectors</i>, Jim Collins</p> |
| <ol style="list-style-type: none"> 3. Don’t just measure money. Measure relationship building, too. | <p>See <i>Keep Your Donors.</i></p> |

Key roles in relationship building and soliciting. *Everyone has a role*

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Authority and decision-making by board, committee, staff | <p>See Free Download Library on Joyaux website for job descriptions: CEO,</p> |
| <ol style="list-style-type: none"> 2. Every board member helps. Use a menu of choices. | <p>DOD, board and board members.</p> |
| <ol style="list-style-type: none"> 4. Staff must be effective enablers to help board members work. | |

Creating your fund development plan. *And holding everyone accountable*

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. What’s in your plan? Solicitation and relationship building strategies. Calendar. Assignments of accountability. | <p>See sample plans in the online appendices of <i>Strategic Fund Development, 3rd edition.</i></p> |
| <ol style="list-style-type: none"> 2. Define purpose of the strategy/tactic (e.g., solicitation or relationship building). Then use these criteria to evaluate whether to use the strategy/tactic – See more on page 26 of this handout. <ul style="list-style-type: none"> • Mission alignment • Cost (direct and indirect) • Net profit • Risk • Opportunity cost • Capacity and capability • Etc. | |
| <ol style="list-style-type: none"> 3. A good planning process builds understanding and ownership. | |
| <ol style="list-style-type: none"> 4. Setting your charitable contributions goal doesn’t depend upon how you need or want. | |
| <ol style="list-style-type: none"> 5. Using a fund development committee – and it is not responsible for raising the money! | <p>See <i>Key Roles</i> in the Free Download Library on Joyaux website.</p> |

And now, the next page of the agenda talks about soliciting ... the act of asking for a charitable gift of money or time. Yes, more time is spent on building relationships than asking. But, of course, you do have to ask.

The biggest reason anyone (or any entity) gives is because they are asked. You ask when the prospect or donor is ready to be asked.

Key points	Resources
A few points about soliciting gifts. Remember, the donor defines “major”.	
<p>1. Solicitation strategies include:</p> <ul style="list-style-type: none"> A. Personal face-to-face solicitation – which is different than street fundraising. B. Street fundraising C. Proposals / grant applications D. Telephone E. Direct marketing (electronic or regular) F. Telephone G. Fundraising events 	<p>Pick the right solicitation strategy for the best return on investment.</p> <p>Segment your prospects/donors by solicitation strategy.</p> <p>For proposal writing, see the handout in the Free Download Library on my website.</p>
<p>2. Direct mail plays a key role. Ask more than once per year. Print or electronic?</p>	<p>See www.theagitator.net, 12-15-11, “Which mailbox delivers emotion?” For great information about direct marketing, read Roger Craver, Jeff Brooks, Mal Warwick, Jerry Huntsinger, Tom Ahern...</p>
<p>3. Evaluate interest, readiness, and capacity.</p>	<p>See handout on page 28, <i>Evaluating interest, readiness, and capacity</i>.</p>
<p>4. Other important tips for your organization</p> <ul style="list-style-type: none"> A. Ask for a specific amount B. Don’t use the term “annual fund. 	<p>Ask for a specific amount. Let’s use me as the guinea pig.</p> <p>See handout pages 30 – 31, <i>Face-to-face solicitation</i></p>
<p>5. Personal face-to-face solicitation is the best way to ask for gifts.</p> <ul style="list-style-type: none"> A. Imagine making a solicitation an extraordinary experience! B. Typically ask once per year. C. Anticipate and overcome barriers before the donor brings them up. (You have to do this in direct mail, too.) D. Good conversationalist – and that means listening well, too. E. Know about the prospect / donor interests and feelings. F. Willingness to share your own interests and feelings – because conversation is a two-way exchange. 	<p>For more about personal solicitation (not street fundraising), see Laura Fredricks, Jerry Panas, Kay Sprinkel Grace.</p> <p>Ask me about the best solicitation I ever experienced as a donor.</p>

December 2012 | Originally posted on my blog, *Simone Uncensored*

Opinion or expertise? There is a difference! Share this with your boss, board, and staff colleagues.

You either like or dislike Picasso's work. That's your personal view or attitude. But art experts (body of knowledge and expertise) judge Picasso as a seminal artist, a game-changer.

You hire a lawyer and pay attention to what she says without wasting too much time offering your ill-informed or uninformed opinions about the law. You hire a doctor and don't second-guess her surgical methods.

There's a substantive difference between personal opinions that are not based on expertise – and informed opinions, which are based on expertise and body of knowledge and research.

Unfortunately, the nonprofit sector seems full of opinions, and far too many are the bad kind, ill informed and uninformed.

For example: Your boss doesn't like the direct mail letter you wrote. Your letter is based on the body of knowledge² and research from people like Mal Warwick, Sean Triner, Jeff Brooks³, Jerry Huntsinger, and Tom Ahern⁴.

But your boss isn't "comfortable" with the letter. In his opinion, the letter doesn't represent the agency well.

Who is the fundraising expert at your agency? Not your boss. (And not your board chair or any of your board members either, by the way!) The expert better be you!

Here's another example: Your board chair, the bank CEO, runs a tight board meeting. She uses the executive committee⁵ to work through all issues before the board meets. Committees report at each meeting. Board dialogue⁶ is limited.

As the executive director, you've studied the body of knowledge about governance⁷ by attending workshops and reading books and research. You also serve on boards. You're trying to improve governance at your agency – and that certainly includes board meetings. But your board chair graciously chuckles and says, "I've served on more boards than you are old. We'll stick with my tried and true approach."

Your board chair thinks her years of board service make her an expert in governance and board development. But she's wrong. Experience alone doesn't make her an expert. She needs the book knowledge and the research findings.

Too-often lousy fundraising and governance

There's something else that severely limits the quality of personal opinions and experience in fundraising and governance: the too-often lousy fundraising and governance that people observe and participate in...and then copy.

For example: I find that most boards are somewhat (or lots) dysfunctional. I'm talking about the supposedly sophisticated boards with their supposedly knowledgeable staff and their power broker board members. Yes. Most boards are not that good. And it's not just me who says so. Read the research and the for-profit and nonprofit sector publications like *Harvard Business Review* and *Nonprofit Quarterly* and and and ...

Another example: Fundraising isn't doing all that great either. There's the donor retention crisis that began before the 2008 recession. The lack of knowledge about donor satisfaction. Insufficient personal face-to-

² Visit www.sofii.org, the global Showcase for Fundraising Inspiration and Innovation.

³ Subscribe to Jeff's free daily blog, www.futurefundraisingnow.com.

⁴ Subscribe to Tom's free e-news about donor communications. Read his books. www.aherncomm.com.

⁵ I'm on a worldwide mission to destroy all executive committees. Read my web column at www.nonprofitquarterly.com. And see my article in NPQ's print edition.

⁶ Visit the Free Download Library on my website. Read "Conversation is a Core Business Practice" in the library section called Other Nonprofit Resources.

⁷ Visit the Free Download Library on my website and see all the resources for governance and boards.

face solicitation. Lousy donor communications. Too many fundraisers don't know the body of knowledge or follow research. And those that do too often get stymied by bosses and boards with personal opinions.

Living in a fact-free zone

There's another problem we have in our work – and in our society at large: fact denial and fact deniers. “We live in a world where scientific knowledge is subordinated to political and religious dogma, where intellect and expertise are denigrated as elitist, where demands proliferate that history be taught as an exercise in national self-congratulation, not critical self-examination.”⁸

Instead of acting as critical thinkers⁹ – learning the body of knowledge and using good research – too many people assert their personal opinion. And these people demand that all others accept the validity of their personal opinions. In fact, parts of our society (and our enterprises, no matter the sector) too often deny facts and assert opinion. Global warming anyone? There's actually a science of why we don't believe science¹⁰.

Have you heard of the movie *Anonymous*? It's about Shakespeare not writing Shakespeare... the suspicion that someone else wrote Shakespeare... (And, most likely an English lord wrote Shakespeare because how could a commoner write something as great as Shakespeare! In this movie, the author of Shakespeare is supposed to be Edward de Vere, 17th Earl of Oxford.)

When the movie premiered, a *New York Times*¹¹ Op-Ed (James Shapiro, October 17, 2011) wrote this about fact or fiction: “*Anonymous* offers an ingenious way to circumvent... objections: there must have been a conspiracy to suppress the truth of de Vere's authorship; the very absence of surviving evidence provides the case.

“In dramatizing this conspiracy, Mr. Emmerich [film director] has made a film for our time, in which claims based on conviction are as valid as those based on hard evidence. Indeed, Mr. Emmerich has treated fact-based arguments and the authorities who make them with suspicion. As he told an MTV interviewer... when asked about the authorship question: ‘I think it's not good to tell kids lies in school.’”

Are you wondering which is the lie? Shakespeare or Lord de Vere?

Stop the uninformed and ill-informed opinions and the fact-deniers!

So let me summarize, after this rather long rant! Uninformed or ill-informed personal opinion is irrelevant to the work we do. These opinions – too often promoted by whichever “powers that be” control your life or our agency or our world – stop forward progress. These opinions distract us from the right work and compromise integrity.

The job of good and competent professionals – and ethical leaders – is to graciously and forcefully disengage from uninformed and ill-informed opinions.

Read Seth Godin's¹² wonderful blog from April 9, 2012, “Is everyone entitled to an opinion?” Seth responds: “Perhaps, but that doesn't mean we need to pay the slightest bit of attention. There are two things that disqualify someone from being listened to... Lack of standing... No credibility.”

You and I need to pay particular attention to “no credibility.” As Seth notes, “An opinion needs to be based on experience and expertise.” So you and I better acquire and maintain that expertise and experience.

P.S. Check out Scott Adams' *Dilbert* cartoon from October 7, 2012... “I like to have opinions. But not informed ones.”¹³

⁸ Eric Foner, May 13, 2012 commencement address for doctoral candidates at Columbia University, published in *The Nation* magazine, June 25, 2012, www.thenation.com.

⁹ Read the marvelous *Miniature Guide to Critical Thinking*, www.criticalthinking.org. Also available at Amazon.

¹⁰ Read Chris Mooney's marvelous article in *Mother Jones*, “The Science of Why We Don't Believe Science,” www.motherjones.com/politics/2011/03/denial-science-chris-mooney.

¹¹ www.nytimes.com

¹² Subscribe to Seth's free daily blog, www.sethgodin.com. And read Seth's great books like *Tribes*, *The Big Moo*, *Permission Marketing*, and *Linchpin*.

¹³ www.dilbert.com/strips/comic/2012-10-07

Basic Principles of Fund Development

Build understanding and ownership of these principles

Philanthropy means voluntary action for the common good¹⁴. Fund development is the essential partner of philanthropy. Fund development makes philanthropy possible by bringing together a particular cause and the prospects and donors who are willing to invest in the cause. The goal is to acquire donors of time and money who stay with the charity. This is done through the process of relationship building. With the donor at the center, fund development nurtures loyalty and lifetime value, thus facilitating philanthropy. You know if your relationship building works because your retention rates rise and the lifetime value of your donors and volunteers increases.

(From *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*.)

So what does this mean in practical terms? Here are some basics:

1. First, understand some **basic distinctions**:
 - a. **Predisposed**: An individual, business, or some other entity whose interests and actions suggest a possible inclination or susceptibility towards your organization's cause / mission. ("Suspect" is more common terminology. But who wants to hear anyone referred to in such a pejorative manner?)
 - b. **Prospect**: An individual, business, or some other entity that has demonstrated an interest in your cause / organization. The individual has raised his / her hand by buying your services or asking to join the mailing list or... In some manner, in some way, the individual, business or entity has raised its hand signaling interest in your cause and your organization.
 - c. **Donor**: An individual, business, or some other entity that has given a gift of time or money or service to your organization.
2. Nurture a **culture of philanthropy** in your organization. It's the right attitude that matters as much as anything. Culture refers to the personality / attitude of your organization. A culture of philanthropy means that everyone accepts and celebrates the beauty of philanthropy and donors, no matter the type or size of gift.
3. Build a **donor-centered**¹⁵ organization. Focus on the donor or prospective donor. "It's not what your organization is selling, it's what I'm buying that counts. I'm interested in my interests, my motivations and my aspirations. Match those and then I'll give to you. Otherwise, leave me alone!"
 - Don't universalize your own passion. Not everyone is interested in your cause, no matter how convincing you are. Do not try to convince them! That's offensive. Instead, find those who share your passion.

¹⁴ Robert L. Payton. Payton was the first professor of philanthropics in the U.S. and former head of the Center on Philanthropy at Indiana University / Purdue University in Indianapolis.

¹⁵ See the Donor Centric Pledge in *Keep Your Donors* and in the Free Download Library at www.simonejoyaux.com. Donor-centered is like customer-centered.

4. **Loyalty** is the holy grail of fundraising – just like loyalty is the holy grail of any business. Here’s my equation: Loyalty = Donor-centered organization + Relationship-Building Program (donor-centered communications + extraordinary experiences.)
The key drivers of loyalty|lifetime value (LTV)? Trust, commitment, engagement, and satisfaction. [From Adrian Sargeant’s research. Adrian is the world’s leading academic fundraising researcher.]
 - a. Donors are aware of consequences: Believing that “someone might be hurt if I don’t give.”
 - b. Your organization’s service quality is good. “Do you anticipate questions, promptly thank donors? Are you easy to work with? Do you value your customers?”
 - c. They trust you.
 - d. They share your beliefs.
 - e. You’ve established a personal link: You give the donor credit.
 - f. They’re learning: Are you taking them on a journey?
 - g. Multiple engagements: Every 2-way interaction significantly improves donor retention.
5. Giving is an **emotional act**, not a financial transaction. Your organization is the means by which donors live out their own interests and aspirations.
 - a. Neuroscience¹⁶ and psychological research document that all human decisions are triggered emotions¹⁷. Then rationale steps in. “Emotion is multi-dimensional: it focuses on a person’s core goals, directs attention and interest, arouses the body for action, and integrates social group and cultural factors. It is thus a central component of meaning making.” [Carol Saunders, PhD, Brookfield Zoo]
 - b. Research from the direct mail industry says that people give in response to one or more of 7 emotions: greed, guilt, anger, fear, flattery, exclusivity, and salvation. People move from one emotion – e.g., anger – to hope, by using your agency as the means to make change. Tom Ahern refers to this partnering of emotions as “twin sets.”
 - c. Threat of loss is more motivating than the promise of gain. [Robert Cialdini, PhD]
6. Engage **volunteers**, including board members and others. Make sure you effectively enable volunteers to participate in this meaningful work of identifying, cultivating, and soliciting.
7. **Don’t trespass** on personal and professional relationships. Instead, use connections to identify those who might be predisposed to your cause. If you cannot qualify them as prospects (and it’s their choice!), leave them alone.
8. Effective fund development is like **permission marketing**¹⁸; people opt in or opt out. “Permission marketing is the privilege (not the right) of delivering anticipated, personal

¹⁶ Thanks, in part, to MRIs, we now have the field of neuroscience. We can see how the brain works.

¹⁷ See research by Drs. Bechara and Damasio, described in Tom Ahern’s books on donor communications. www.aherncomm.com. By the way, psychologist W. Gerrod Parrott identifies many more than 7 emotions. Read all about emotions in *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, by Joyaux and Ahern.

¹⁸ Term introduced by Seth Godin in his 1999 book *Permission Marketing*. Godin contrasts permission marketing to interruption marketing, the traditional advertising / marketing approach. You know, the billboards and glitzy ads - and sending me a newsletter that I didn’t ask for.

and relevant messages to people who actually want to get them...treating people with respect is the best way to earn their attention. Permission doesn't have to be formal but it has to be obvious." (From Seth Godin's book and blog)

9. **Visibility** does not produce more contributions. Everyone focuses on his / her own interests. Your agency can be visible – but if I'm not interested, I'm not paying attention. And I won't send money. Just ask Simone about the NCAA and World Cup.
 - a. It's okay if someone doesn't know who your agency is or what it does. Tell them, if they're interested. That's identifying the predisposed.
 - b. Don't solicit someone unless you know for sure that the person knows about you.
 - c. Where do you need to be visible? Among your current donors, because you want to build their loyalty. Absence does not make the heart grow fonder –it's out of sight and out of mind!
10. **You** have to **give first**. (*You* means each board member, the CEO and development officers, and fundraising volunteers.) Why? Because you cannot represent an agency or cause without demonstrating your own financial and volunteer investment.
11. **Why do most people give?** Because they're asked. It's that simple. But only ask those who are interested. Ask the right prospect for the right amount at the right time for the right project in the right way with the right solicitor.
12. Build an **individual giving program**. Each year, individuals give the largest portion of philanthropic gifts in North America. What about elsewhere? And individuals are more loyal donors than foundations or corporations.
13. Fund development is a **process and a profession**. The profession is founded on ethical principles and standards¹⁹, based on a well-researched body of knowledge²⁰, and protects the public through voluntary certification of professionals. Personal opinion – without the body of knowledge – doesn't and shouldn't count for much.
14. Most **fund development problems** are actually not fund development problems. Most problems relate to other areas of operation. Fix the real problem. (Read *Choosing your road* in the Free Download Library on my website.
15. A **balanced funding mix** of solicitation strategies and donor sources ensures stability and credibility. Whenever possible, the best way to solicit a gift is personally, face-to-face.
16. **How do people in the U.S. define a good person?** There are 9 key descriptors: Kind. Caring. Compassionate. Helpful. Friendly. Fair. Hard-working. Generous. Honest. [From Jen Shang's research. Jen is the world's first philanthropic psychologist.]

Identify the predisposed – those you suspect might have interests similar to your cause / organization – and introduce yourself (personally is usually best, e.g., through a cultivation gathering or one-on-one). Then, if the person (or corporation or foundation) expresses interest, that gives you permission.

Godin observes: "Rather than simply interrupting a television show with a commercial or barging into the consumer's life with an unaccounted phone call or letter [or in fundraising, the newsletter or a solicitation], tomorrow's marketer [and top notch fundraiser] will first try to gain the consumer's consent to participate in the selling process." [Bracketed comments are mine, not implied by Godin.]

¹⁹ See the *Donor Bill of Rights* and the *AFP Code of Ethical Principles and Standards of Professional Practice* at www.afpnet.org.

²⁰ See Test Content Outline at CFRE International (www.cfre.org), baseline certification for fundraisers worldwide.

The Donor-Centric Pledge

We, [fill in the name of your nonprofit organization here], believe that . . .

1. Donors are essential to the success of our mission.
2. Gifts are not "cash transactions." Donors are not merely a bunch of interchangeable, easily replaceable credit cards, checkbooks and wallets.
3. No one "owes" us a gift just because our mission is worthy.
4. Any person who chooses to become our donor has enormous potential to assist the mission.
5. Having a program for developing a relationship with that donor is how organizations tap that enormous potential.
6. We waste that potential when donors are not promptly thanked.
7. "Lifetime value of a donor" is the best (though often overlooked) way to evaluate "return on investment" in fundraising.
8. Donors are more important than donations. Those who currently make small gifts are just as interesting to us as those who currently make large gifts.
9. Acquiring first-time donors is easy but keeping those donors is hard.
10. Many first-time gifts are no more than "impulse purchases" or "first dates."
11. We'll have to work harder for the second gift than we did for the first.
12. A prerequisite for above-average donor retention is a well-planned donor-centric communications program that begins with a welcome.
13. Donors want to have faith in us, and it's our fault if they don't.
14. Donors want to make a difference in the world -- and our mission is one of many means to that end.
15. Donors are investors. They invest in doing good. They expect their investment to prosper, or they'll invest somewhere else.
16. We earn the donor's trust by reporting on our accomplishments and efficiency.
17. Individual donors respond to our appeals for personal reasons we can only guess at.
18. Asking a donor why she or he gave a first gift to us will likely lead to an amazingly revealing conversation.
19. Fundraising serves the donors' emotional needs as much as it serves the organization's financial needs.
20. We are in the "feel good" business. Donors feel good when they help make the world a better place.
21. A prime goal of fundraising communications is to satisfy basic human needs such as the donor's need to feel important and worthwhile.
22. The donor's perspective defines what is a "major" gift.²¹
23. Every first gift can open a door to an entirely new world for the donor, through participation in our cause.

© Ahern and Joyaux. From *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, by Tom Ahern and Simone Joyaux (John Wiley & Company Publishers, November 2007)

²¹ A repeat donor of \$25 annual gifts who suddenly increases her gift ten-fold to \$250, for instance, is making a major commitment that deserves special acknowledgement.

Keeping your donors

A donor-centered organization, your donors, & relationship building

Mini articles from Simone's web column "Unraveling development," *Nonprofit Quarterly*, www.nonprofitquarterly.org

Part 1: What is donor-centrism?

"Donor-centric" is another way of saying "building trust." A donor's relationship with your organization deepens or frays mostly based on how much trust you can create in three areas:

- Trust that donors play an essential, vital, central role in your mission's success.
- Trust that your organization does worthwhile things with donor gifts.
- Trust that your organization conducts its operations efficiently.

Sadly most organizations focus on their own needs and why their good work requires donations. Instead, the donor-centered organization puts the donor at the center. "Because of your gifts, we do this vital work." "Your gifts stopped the river's pollution." "Only with your gift can we feed families." "Because of you, great things happen."

To understand what donor-centered means, read the research about what donors want. For example, Adrian Sargeant's research found that the following components matter in the fundraising relationship: thanking donors for their gifts; informing donors how their money is spent; responding quickly when donors contact the organization; being polite in communications; and more.

Sargeant found that the overall perception of service quality provided by the fundraising department dramatically affects donor retention. No surprise there. We all know that quality of service is important, critically important.

But how do donors define service quality? Things like: confidence that donations are spent appropriately; keeping donors informed about how gifts are used; employee behavior instills confidence; communications are courteous and timely; employees understand donor needs; and more.

And guess what, Sargeant's research tells us that almost all donors are not hugely satisfied with the quality of service provided by the fundraising department.

Hey! How does your organization measure up? Are you worried yet?

Donor-centered is like customer-centered. And when you're customer-centered and donor-centered, you build loyalty. And you want loyal donors.

Dale Carnegie, 1930s self-help guru said it so very well: "You'll have more fun and success when you stop trying to get what you want, and start helping other people get what they want."

Staff should read *Building Donor Loyalty* by Sargeant and Jay. Everyone should read the Donor-Centric Pledge (DCP) in *Keep Your Donors*. You can download the DCP from www.simonejoyaux.com. Click on Resources | Free Library | Fund Development.

Interested in trying your hand at a donor survey? See the Audubon Society of RI member survey in *Keep Your Donors*, inspired by Adrian Sargeant's research.

Part 2: Do you treat your donors like ATM machines?

Do you treat your donors like ATM machines? I've heard donors say you do.

Giving is not a financial transaction. Giving is one of the most personal acts anyone can make.

But too often, in the press for money, organizations focus on money rather than donors. Be careful. Don't be that kind of organization. Treating giving like a financial transaction is a quick way to lose donors.

Keep this in mind: The purpose of fund development is to find donors, not donations. The smart organization would rather have a donor who has been giving \$25 annually for 10 years – than someone who'll give you \$500 today. The 10-year donor is loyal. Keep her. She's telling others about you. Nurture the

relationship better and she may give you more money when she's able. And donor loyalty drives bequest giving, too.

Remember, donors are not just interchangeable money sources. Donors give to you for reasons you can only guess at. (Don't guess. Ask them why they give!)

My colleague Richard Radcliffe, legacy guru from the U.K., says that the most important question we can ask a donor is: Why did you first give? (By the way, if you ever have a chance to hear Richard Radcliffe speak, do it! Richard is insightful, focused, and very funny. And he's spoken with thousands of donors through personal interviews and focus groups.)

Adrian Sargeant's research (remember his book, *Building Donor Loyalty*) reinforces Richard's comment: You need to know why donors started giving to your organization. In fact, Sargeant goes on to say that probing why a donor made that first gift is essential in determining whether you can develop a relationship with that donor. The more you know, the more you know!

Giving is about the donor, not about your organization or your cause. Your organization is the conduit by which donors live out their interests and fulfill their aspirations. Donors are different one from the other. And you need to know their interests and disinterests, their motivations and aspirations.

Test yourself right now. What do you know about your donors? Do you know what excites your most loyal donors and what annoys them? Do you know the different interests of different donors?

It's time to build a donor-centered organization. And if your donor centric quotient is already pretty high, aim for higher!

Read Kay Sprinkel Grace's e-book *Donor-Driven Philanthropy*. Visit the Free Download Library on my website, www.simonejoyaux.com.

Read these great blogs: www.sethgodin.com, www.theagitator.net, and www.futurefundraisingnow.com. Subscribe for free. Read daily and learn.

Part 3: Top priority: Pay attention to the emotional needs of your donors.

Emotions are the decision makers. Emotions trigger your decision about where to give gifts and whether to eat chicken or steak for dinner.

Neuroscience (thanks to MRIs) and psychological research prove it. Just ask Drs. Antoine Bechara and Dr. Antonio Damasio.

The direct mail industry has identified 7 emotions that really move cash, mountains of cash as vast as the Himalayas. The direct mail people spend millions on research, so pay attention. Here they are, the 7 emotional triggers for direct mail response, in no particular order.

- Anger ("This is wrong! Do something!")
- Exclusivity ("Me? You want me to join your special group of donors?")
- Flattery ("You're absolutely right. I am special because I keep giving to you.")
- Greed ("I want more theatre in the community and giving to you makes sure great theatre stays.")
- Guilt ("I know polar bears are drowning because of my car and my poor recycling skills. I'll feel better when I give to that environmental group.")
- Salvation ("My gifts make change and make the world a better place.")

Let me illustrate these emotions for you.

In 2001, I founded the Women's Fund of Rhode Island (WFRI). WFRI works to level the playing field for women and girls. Why did I found the Women's Fund?

Because I'm angry that social injustice is a dominant force in the United States. Women are still paid less than men – for the same work. Women represent more than 50% of the U.S. population and a paltry portion of elected officials. In fact, the U.S. ranks 82nd in the world for the number of women in the national legislature, e.g., the U.S. Congress.

I'm afraid of living in a community and world where so many people are excluded, for example women and people of color and gays and lesbians and those who are less affluent. I feel guilty because while I'm disadvantaged as a woman, I am a well-educated, heterosexual, white, affluent woman. I win on all counts except gender.

I'm flattered to be part of the exclusive group of women and men who fight for social justice in Rhode Island. I'm proud to be the founder of the Women's Fund. And I believe that my work in philanthropy – both as a volunteer and a professional – is the reason why I exist. My passion for philanthropy is my salvation.

Think about one of your most meaningful gifts. What feelings prompted you to give? Talk with your donors. Ask them why they give and you'll hear their interests and feelings.

Now take a look at your solicitation letters and your newsletters and all your materials. Are the emotions there? If not, add some heart. Yes, right now.

It's your job to stroke the emotions of your donors and prospects. You trigger their emotions through the stories you tell, the accomplishments you produce.

Learn more in Tom Ahern's books and free e-news. www.aherncomm.com

Part 4: Keeping your donors

Want to keep your donors? Want profitable relationships that last? Do it with a comprehensive relationship-building program that includes communications (this column) and cultivation (next column).

Mostly organizations communicate through newsletters – and most newsletters are clueless. Wrong content. Poor writing. Lousy readability.

Tom Ahern finds these 7 flaws in most donor newsletters:

1. Don't deliver news that donors care about
2. Don't put the donor center stage
3. Aren't very friendly
4. Skimp on emotional triggers
5. Don't tell stories
6. Expect people to read in depth
7. Don't have real headlines

How flawed (or flawless) are your newsletters?

I remember when I followed the directions of my various English teachers. You know, never start a letter with "I". Never have just one sentence in a paragraph. Of course, all sentences must have a verb. And so much more – which pretty much is all wrong for communications.

I've spent quite some time trying to learn to write better in order to communicate. So my first recommendation to you: Forget what your English teacher taught you. Hurry up and learn to write better!

One-sentence paragraphs are fine. One-word sentences are fine. Sentences starting with "and" or "but" are just fine. Sentences without verbs are just fine.

Other writing tips:

- Improve your headlines! Headlines are more important than articles. Read any good daily newspaper. Their headlines tell pretty much the whole story. And headlines help people decide what they want to read. (Here's a tip: Take your headline and show it to someone who doesn't know the story. Ask them what the story is. If they get it right, your headline works.)
- Avoid passive voice and complex sentences. Use short sentences and short paragraphs.
- Make it easy for the reader. Write at 8th grade level. Use Microsoft grammar check to evaluate your writing.

Always remember, people don't have to read your stuff. If you make it hard to read, they just won't read! People skim. If the headlines don't interest them, the story won't either. So what happens when just about no one reads your newsletter? This isn't good relationship building.

Here's another surprise: Readability matters. Using reverse type reduces readability by something like 500%! Indented paragraphs are essential, mandatory. Makes the text easier to read.

Another no-no: using sans serif typefaces like Arial. For reading on paper, a serif type (e.g., Times New Roman) is essential.

These are truths, facts. Not opinion. And sadly, graphic designers are rarely taught readability. Get prepared for a fight when you say, "use a serif typeface" and "no reverse type" and "indent the paragraphs, damn it!" Get prepared for another fight, because most marketing / communications staff don't know this stuff either.

Compare your newsletter to the documented body of knowledge. Remember, your opinion (or that of your board members) doesn't matter.

Use the body of knowledge to create the best newsletter possible. See all the details in Tom's various books: *How to Write Fundraising Materials That Raise More Money*, *Raising More Money With Newsletters Than You Ever Thought Possible*, *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, and *Seeing Through a Donor's Eyes*. Subscribe to Tom's free e-news and read all the archives for more about writing. Visit Tom at www.aherncomm.com.

Part 5: Nurturing relationships through extraordinary experiences

Keep your donors by nurturing relationships with donor-centered communications. But communicating isn't enough. You have to connect personally, too.

Create opportunities for the donors to engage more deeply, if they want to do so. I call these opportunities “extraordinary experiences.”

Pay attention to this comment made by Tom Belford in his daily blog *The Agitator*: “The idea is to think broadly about the types of personally relevant interactions you can offer each of your supporters. But — ideally — it should be interaction that can lead to some sustained flow of communications that you can maintain with the individual supporter.”

Sure, you design some experiences to fit everyone. One size can fit all because you can only do so much. For example, try these ideas:

- Make personal thank-you calls to donors within a few days of gift receipt (And Penelope Burk's research says it's best if board members make these calls. See *Donor-Centered Fundraising*.) Don't ask for another gift! Just say thanks.
- Annual donor / volunteer thank-you party
- Quarterly focus groups with donors asking their opinions
- Personal interviews with individual donors asking them to share their philanthropic story (Ask your board members to help with these interviews.)
- Quarterly cultivation gatherings where you give updates about what's happening
- Invite donors to serve on committees where their skills and interests can best be used

Obviously you personalize the tactics in this list. For example, you might ask donor Mary Smith to serve on your Governance Committee. And donor Bob Jones joins the task force to plan the fundraising event. Or the personal interview questions for the Rodriguez family are somewhat different than the questions for the Murphy family.

I know. It takes time to nurture relationships. And maybe you're just a one-person shop. But you have board members and other volunteers who care about your mission. Engage them in the relationship-building process.

I know. You wish your donors would just keep giving without much effort on your part. Maybe three newsletters per year. A couple solicitation letters. A smile when you see them.

Sorry. Not enough. Ignore relationship building at your peril.

There's so much you can do – at low-cost or no cost. Relationship building is where you invest your time and money. It's relationship building that builds donor loyalty and keeps your donors.

Check out the relationship-building ideas in these books: *Keep Your Donors* (extensive details, ideas, examples of donor-centered communications and cultivation); *Building Donor Loyalty* (research results about donor expectations and satisfaction); Ken Burnett's *Relationship Fundraising* (the book that started it all). And check out Ken's *The Zen of Fundraising: 89 Timeless Ideas to Strengthen and Develop Your Donor Relationships*.

Questions to ask donors – and prospects and often the predisposed, too.

1. Why did you first give to our organization? (Richard Radcliffe, U.K. legacy consultant says this is the most important question to ask.)
2. What interests you most about organization? Why? What is less interesting to you?
3. Why do you give to our organization? What does our mission mean to you? How would you describe our mission?
4. What are the most critical results you expect our organization to produce?
5. What do you tell others about us? How do you describe this organization to others?
6. Why does this cause matter to you? Why now in particular?
7. What do you believe would most transform [this particular situation]?
8. Which other organizations effectively address this cause?
9. How does our organization compare to other organizations working in this cause?

Find out their values and beliefs. Get in touch with their feelings.

10. If you could change the world, what would you do?
11. What actions do you think would best cause the change you envision?
12. What changes do you believe would make the world a better place?
13. What would you like to pass on to future generations?
14. How do you feel when you make a gift?
15. What makes you angry and sad?
16. What makes you hopeful and happy?

P.S. Of course, you have to determine which questions are appropriate to whom. You must be sensitive to their boundaries as well as your own.

For more questions, see www.simonejoyaux.com. Click on Resources. Then click on Free Library and Fund Development.

For even more questions, see *Keep Your Donors: The Guide to Better Communications and Stronger Relationships* by Joyaux and Tom Ahern. This book includes an entire chapter on conversation and questions – and a chapter on how to measure your relationship building.

What does your organization measure?

Measuring in general

The most effective organizations regularly evaluate things like:

1. Organization relevancy and mission – results (qualitative) not so much the numbers
2. Alignment of programs and services with mission
3. Quality of programs and services
4. Board and individual board member performance
5. Performance of each staff person, of teams, and of operations in general
6. Financial performance
7. Communications and marketing
8. Fund development performance including ROI and relationship building

Measures for fund development

Measures versus benchmarks

Measures are the things you plan to evaluate, e.g., donor retention rates, donor satisfaction, etc. Define your measures for multiple years – and keep adding more as you add the capacity to evaluate.

Benchmarks are the “target” or “goal” for a particular measure for a particular year. For example, the measure is donor retention; the benchmark for the particular specific year is 75%.

See sample fundraising plans in *Strategic Fund Development: Building Profitable Relationships That Last*, 3rd edition, Appendix 9 on the book’s website.

ROI (Return on Investment) and the fundraising numbers

1. Donor retention, attrition, and acquisition rates, for example: retention trends after first gift; year-on-year retention rates.
2. Total \$ raised and average gift size
3. # of donors and # of donors who give multiple gifts/year
4. % of donors who increase their gifts and frequency of donor upgrades
5. % of donors who decrease their gifts
6. Participation rates of board members and other volunteers in fund development activities
7. Application of well-established research and practice in fund development and donor communications; consistent use of the body of knowledge

Measures too often ignored

1. Staff and board member behaviors that demonstrate a culture of philanthropy
2. Diversity of prospects and donors reflective of a diverse community
3. Donor-centered fund development program
4. Satisfaction trends of fundraising volunteers, donors, event participants, etc.
5. Customer satisfaction with the organization as a whole
6. Donor satisfaction with service to donors
7. Donor loyalty trends (active loyalty versus passive loyalty)

Charitable giving measures that reflect donor loyalty

1. Donor retention rate
2. Rate of transition from first-time donor to regular donor
3. Percent of donors who increase their gift size and / or number of gifts per year
4. Size of gift compared to your estimation of donor's level of interest and commitment
5. See Adrian Sargeant's measures
 - And so many more! We do this pretty well as fundraisers.

Measuring relationship building from the donor's perspective

1. Satisfaction with your organization's execution of its mission and the progress made on your mission
2. Satisfaction with your organization's customer service (and not just from the development office!) Just look at Sargeant's research about donor loyalty.
3. Satisfaction with your thank-you process and your recognition program
4. Satisfaction with the quality of conversations they have with you
5. Satisfaction with your organization's communications
6. Degree to which their personal values align with your organization's values (essential for what a donor considers a large gift)
7. How often the donor refers others to your organization
8. How many times the organization has been pleasantly surprised by the organization's creativity and ingenuity.
 - And so many more! Seems to me we fundraisers are especially weak in this area.

Measuring what your organization does to nurture relationships

1. Breadth and depth of information in your files, with an emphasis on interests and disinterests, motivations and aspirations
2. Diversity, regularity, and frequency of organization contacts with prospects and most especially with donors
3. Level of personalization in communications and cultivation
4. Effectiveness of cultivation at fundraising events
5. Effectiveness of communications strategies and content
6. Check out Tom Ahern's performance measures for effective communications – in *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*.
 - And so many more! Seems to me we fundraisers are pretty weak in this area.

P.S. What criteria do you use to determine your strategies for fund development?

Define the primary purpose of the strategy, e.g., generate income or nurture relationships. Examine the strategy to determine if it is really worth doing. Consider the criteria below. Rate them as 1 to 5 with 5 being high. (*Note: Total numeric rating does not indicate higher worth.*)

1. Mission alignment
2. Financial cost (direct and indirect)
3. Prospective net profit
4. Relationship building
5. Institutional capacity to do the work
6. Institutional capability to do the work
7. Staff and volunteer workloads
8. Risk analysis
9. Opportunity cost

Evaluating Interest, Readiness, and Capacity to Give and Designing the Ask

The optimum combination of interest, readiness and capacity produces the best ask. The best ask is the right project, right amount, right time, right solicitor and right manner of asking. Try using a 10-point scale with 10 being the best.

Begin with interest. Determine the point rating for the prospect. Make anecdotal remarks about why you have selected that rating. Indicate what has to be done to improve the rating.

Proceed with readiness and do the same.

Interest + readiness = 20. Great! Design the right ask and go for it.

Interest + readiness \leq 15. You need to cultivate more.

Interest + readiness = 16-18. Talk a lot. Would more cultivation be better?

➤ Interest

Refers to the prospect's feeling of curiosity or attentiveness. Interested people are involved and concerned about your cause and your organization's response to me cause.

Interest also signifies that something is of advantage or benefit to the interested individual. (It's not what your organization is selling, it's what the prospect is buying that counts.)

Estimate level of interest and note date as this may change over time. Add remarks.

➤ Readiness

Means beings prepared for action, likely or liable to act in a particular manner. Readiness means that the prospect is prepared in his or her mind and hart and likely to act in the manner that you seek. The prospect sees how giving will benefit herself by meeting her needs and fulfilling her aspirations.

Estimate level of readiness and note date as this may change over time. Add remarks.

Total interest + readiness and date _____

Not yet ready or sufficiently interested.

If interest and readiness are not sufficiently solid, what will you do to move the prospect along the relationship continuum to be more interested and/or more ready to be asked? Add pages with your cultivation strategy.

➤ **If the prospect is ready to be solicited, then begin designing the ask:**

1. Describe the prospect's interests in some detail. Identify the prospect's feelings and aspirations.
2. Determine the intersection of prospect interest's with your organization's interests.
3. Identify potential barriers for the prospect and figure out the responses.
4. Identify the stories that most resonate with the prospect.
5. Decide who is the right solicitor and why.
6. Decide what is the right project and why.
7. Decide what is the right timing and why.

➤ **Capacity**

Refers to the ability or aptitude to do something. Also means the maximum output or production, as in the prospect's wherewithal to do what you ask.

If useful, develop a gift table to help focus on potential capacity.

Consider the following:

- To what extent does the prospect have personal, family and other obligations that affect his/her giving capacity?
2. Does the prospect have sufficient cash to give and to what extent?
 3. Might securities be an option?
 4. Is there some other tangible property the prospect has that your organization would want?
 5. Would the prospect benefit from life income? If yes, what might you want to offer to the prospect as giving strategies? Consider life insurance, pooled income fund, and various trusts.
 6. Would a combination of giving strategies be helpful to the prospect? For example, a combination of life insurance and cash; or bequest and cash; or bequest and pooled income fund; etc. How would you suggest this?

➤ **Now fine-tune your thinking.**

- Bring interest, readiness, and capacity together.
- Fine-tune your responses to the questions located under "designing the ask".
- Then go for it!

See further detail in *Strategic Fund Development: Building Profitable Relationships That Last*, 3rd edition. Scheduled for release in spring 2011. See also *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, Ahern and Joyaux.

And, see Laura Fredricks' books about asking, for example, *The Ask*.

Face-to-Face Personal Solicitation

Thank you for agreeing to be a solicitor!

- First, you are a storyteller. Your job is to tell a story about the organization that resonates with you, and will resonate with the prospect.
- Simultaneously, you are a listener and observer. Listen to and watch the prospect.
- And you are an engager. Engage the prospect in a dialogue about the organization. Remember! A solicitation is a conversation, not a presentation. Ask questions. Engage the prospect. Find out what the prospect cares about.

Your resource materials

- Your brain, heart, personal experience, and passion. That's what is most important!
- The organization's *case statement*
- The *solicitation tips* that are attached to this document (pages 3 and 4)
- Prospect sheets (You will select your own prospects. Your staff has made some preliminary recommendations and will review these with you.)

Your job

1. Give your own gift before you ask others to give.
2. Get a meeting with the prospect – preferably in person. If necessary, over the telephone. The key is, a special meeting to discuss giving to the organization.
3. Tell the prospect why you want to meet with him/her/them: To tell you how we have used your prior gifts. To provide you with an update on our accomplishments. And to speak with you about another gift.
4. Tell the organization's story and engage the prospect in conversation.
5. Ask for the gift. (And ask for the specific amount suggested on the *prospect sheet!*)
6. Get the answer regarding the gift.
7. If the prospect wants to think a while, set up a time to call back.
8. Immediately report results to the organization. The prospect deserves an immediate acknowledgement letter.

Your steps

1. First, review the case statement and highlight the key points that you want to cover.
2. Identify some stories you can tell the prospect, based on the prospect's interests and aspirations.
3. Review the *prospect sheet* so you are familiar with the background. Call the office and get more information if you need more to feel comfortable.

4. Call the prospect and set up a meeting. (If absolutely necessary, solicit over the telephone when the prospect will give you 15 minutes or so. But it's best to do this face-to-face: over lunch, over a cup of coffee, at the office, etc.)

Key points for you to remember about soliciting

1. It's okay if you don't know all the answers. Just smile – and say that you will get back to the prospect with the answer. Then call the office and get the answer. Call the prospect back – this is great – another chance to ask for the gift and develop the relationship!
2. In general, it's best to ask for a specific amount – and that should always be an increase over prior gifts. (See specific amount on the *prospect sheet*. This amount was determined by an analysis of the prospect's gift history and what the organization knows about the prospect.)
3. Industry standards say that 15% of the time, you'll get an increase! And the rest of the time, you'll likely get the same gift as last year. Asking for an increase is the only way to get one – and is an excellent strategy to maintain the same gift level.
4. Use the phrase: "Would you please consider giving \$___."
5. If the gift is "large", ask the prospect if s/he needs additional time to pay the gift. Specify by when you want the gift paid. (The organization has to decide if it wants pledge payments and over what time period.)

Key points for you to remember about the organization

- See resource materials developed for your solicitation program.

At the meeting (whether in person or on the telephone)

1. Start out by saying thank you! Thank you for the time and thank you for the prior gifts.
2. Remember: This is a conversation, not a presentation. Engage the prospect in a discussion. Listen. Watch the body language. (Or listen to the hesitations or enthusiasm.)
3. Explain your role as a volunteer. Talk about why you believe in the organization's program. Mention your own gift in the context of your commitment to the cause. (Not the amount but that you gave money and do so every year.)
4. Talk about the community desire for and response to specific services offered by the organization. Highlight a favorite story or program at the organization.
5. Talk about how the organization will use the money. (Look at the case statement – show the *case statement* to the prospect. Leave a case statement with the prospect.)
6. Ask for the specific amount noted on the *prospect sheet*.
7. Get a commitment to you, before you close the meeting. (Or arrange to call back later to get the answer.)
8. Don't leave a gift envelope with the prospect - without a specific amount pledged. It is important that the prospect make the financial commitment to you directly.

Get a copy of Laura Fredricks' book *The Ask*. Visit www.askingmatters.com.