

Annual Fund

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President A Direct Solution



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Overview

- Why the Annual Fund is so important?
- How do you start?
- How do you grow?
- Trends and Statistics
- Examples
- Questions and Answers



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Key Message

If you remember one thing of today's presentation:

Keep feeding the Annual Fund through a planned and consistent approach is crucial to maintain and grow your organization's revenue.



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Why do people give?

1. Someone I know asked me to give, and I want to help
2. I felt emotionally moved by someone's story
3. I want to feel I'm not powerless in the face of need and can help (this is especially true during disasters)
4. I want to feel I'm changing someone's life
5. I feel a sense of closeness to a community or group
6. I need a tax deduction
7. I want to memorialize someone



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What is the Annual Fund?

- A campaign conducted each and every year for the purpose of raising money to assist in paying a non-profit organization's regular, ongoing, unrestricted expenses.
- Every non-profit organization with a need to raise contributed income should have an annual campaign which it conducts every year.



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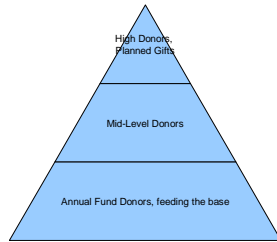
Why the Annual Fund is Crucial

- An annual campaign allows an organization to build a **predictable** base of support and provides a pool of proven **donors** for other fund-raising efforts.
- The vast majority of individual donors give their first contribution to an organization through its annual campaign.
- Repeat contributors to annual campaigns become an identified group of loyal and established givers --- a constituency.



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Feeding the Donor Pyramid



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DM is Typical Annual Fund Appeal

- Most donors are still older
- Most donors love getting letters
- Most donors still like writing checks
- We'd all love to get more funds via email/online, but...
- We found it works great for support but not to raise money (yet)



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2 Simple Strategies

- Add new donors
- Get more money from existing donors
 - Upgrade gifts
 - Get money more often



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Key Information

- How much do you need to raise?
- How many donors do you already have?
- What is their source?
- How much do they give?
- How are you maintaining your data?
- Do you have email addresses?
- Do you have other sources of names?



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Start with an Annual Plan

- Set realistic expectations, look at past results
- Number of pieces planned
- Number of responses expected
- Revenue expected
- Expected expenses
- Make a plan for the year and adjust during the year based on results
- Include other activities to see impact on overall



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Does Annual Fund Mean Mail Once?

Year	# mailed	# donations	Gross raised	Cost	Net raised
2005	10,438	713	\$57,943	\$6,717	\$51,227
2008	23,230	1,050	\$83,743	\$16,144	\$67,590
			Increase		32%



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Tracking Results

- Compare against plan
- Have donor and prospect codes
- Evaluate cost and revenue
- Re-evaluate next appeals
- Formulate next appeal



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4 Decisions

1. Target group (lists, donors, members)
2. Offer and Ask Amounts
3. Creative (especially the letter)
4. Other



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Simple and Cheap Still Works!

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Simple look works

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About the Economy

- Organizations who stuck to their direct mail, annual fund plans did well!
- Keep asking, stay the course
 - Keep building new donors
 - Keep asking for more money from existing donors



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General Benchmarks

- 1% is still a typical response rate for acquisition but it depends on gift level
- 5 to 10% are still typical response rates for donor appeals with exceptions higher/lower
- Response rate and average gift are directly related
- Getting that second gift is crucial



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The Pressure is on Cost!

- Postage keeps going up, so...
- Production prices must come down
- Find simpler ways to produce without sacrificing results
- Or print for the year...
- Personalization does not have to be more expensive, but if you have to make a choice: Personalize the reply form



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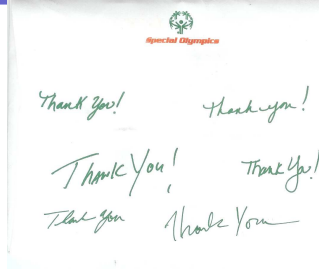
Fundraising DM Resources

- Add yourself as donor to other organizations
- Direct Marketing Fundraisers Association
- DMA Nonprofit Federation
- Nonprofit Times
- Fundraising Success Magazine
- Target Analytics
- Conferences, peers and consultants ...



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And, always say Thank You!



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Questions and Answers

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