

Key Indicators for Fundraising: What Do They Really Mean? (*DMA Nonprofit Journal*, December, 2002)

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There seems to be a new trend. Many nonprofit organizations are experiencing the same phenomenon: They are receiving fewer donations - but more revenue.

Should you be concerned about losing donors when your bottom line doesn't seem to be hurting? A heartfelt "Yes!" is the answer. Losing donors is currently an epidemic -- and if you don't slow it down in your organization, it will begin to affect your revenue.

Even though your loyal donors are giving more money, you need to continue to grow your donor base and cultivate your existing donors. This is not as difficult as you may think. It is possible. No miracle pills. No excruciating exercises. Just a little ingenuity, and some smart fundraising.

The strategy offered here holds true for all types of organizations - from member organizations to donor organizations to universities.

Keeping and Adding Donors

The first step in this process is to take a look at your organization and answer the following questions:

1. How many different programs does your organization have that could lead to an ask/generate a gift?
2. How many donors are currently in your database?
3. What is the breakdown of donors by giving levels?
4. What is the number of lapsed/inactive donors?
5. What is the average response rate to appeals?
6. What is the average gift?
7. What is the retention rate?
8. How do you acquire donors? List every process.
9. Do you keep the maximum cost percentage in mind to stay within the guidelines?

Once you have the answers to these questions, you can take the necessary steps to increase your revenue. Typically this means tackling these three areas:

- Retention rates;
- Response rates;
- Reactivation of lapsed/inactive donors.

Retention Rates

Let's take on retention rates first. Everyone knows it's less costly to keep a donor than to acquire a new one. So, you need to do whatever it takes to hold on to as many donors as possible.

The good news is that if a donor stays with the organization through the first year, you have a pretty good shot at keeping them as a longtime donor. On average, there's a 30- to 38-percent chance that a first-time donor will continue to give; of those committed, however, more than half - as much as 75 percent -- will continue to give year after year. So, you may be losing some after the first year, but there is a good chance that those who do donate again will continue to do so in the future. That's why it's so important to retain as many first-time donors as possible.

How do you hold on to your donors? And more importantly, how do you get them to keep on giving? Contact. Contact. Contact. It's the only way to keep up the response rates. Send welcome packs, acknowledgements for recent donations, donor surveys, newsletters. Whatever it takes to keep your organization front-and-center.

Or, look into setting up a monthly giving program. So many organizations are vying for the same dollar. Be creative in your strategic thinking - find ways to keep in front of your audience. A monthly giving program gives the donor the option to give small amounts, it's simple, and it generates funds that your organization can plan on receiving.

Response Rates

It's easier to raise money if your organization has different programs. The more programs you have, the more reasons your donors have to give. Your organization can send several requests throughout the year, without asking for money for the same reason. Always site a different program that needs support. It's a lot harder to say "I just gave," when the organization is asking for a different program. Last month, a donor may have contributed to purchasing a new fire truck. This month, it could be for providing fire safety education for school children.

You shouldn't just do this for current members. Go back to lapsed members. There's a reason they left - but that doesn't mean that the reason still holds true today. Just because a member or donor did not give the past two years doesn't mean that he or she has walked away from the cause. There could be other circumstances. They may have stopped giving for financial reasons - or because of other commitments.

Reactivation

You need to communicate with lapsed members as if they were still contributors. Keep in contact - maybe not as often, but remind them about what you're doing and why their support is needed. Offer programs that allow them to give a little each month, or offer a new premium. A freemium (upfront) or premium may have prompted them to donate in the first place. Historically, these types of donors tend not to be very loyal unless you use the same type of ask again. You don't have to settle for just a one-time donation, however: Keep in their face (nicely), and keep sending them reasons to give. You may have to resort to another premium; just make sure that it fits within your budget. Sometimes it takes a gift to get a gift, and to keep the donor for a long time to come.

Source information was provided by Target Analysis Group.