# Journal
OF THE DMA NONPROFIT FEDERATION


## *DRAFT* DMANF Principles & Best Practices for Accountability in Fundraising

see page 5


DMA NONPROFIT FEDERATION

Volume 16 / Issue 1 / April 2013


ALSO IN THIS ISSUE



Upcoming Events page 4

# 2013 Leadership

## DMA Nonprofit Federation Advisory Council

### Chair

Mr. Brian Cowart
*Disabled American Veterans*

### Vice Chair

Mr. Tom Harrison
*Russ Reid Company*

### Members

Mr. Angel Aloma
*Food For The Poor, Inc.*

Mr. Glen A. Beasley
*Arbor Day Foundation*

Ms. Jennifer Bielat
*Easter Seals*

Ms. Mary Bogucki
*Amergent*

Mr. Lane Brooks
*Food & Water Watch*

Mr. Ken Dawson
*Eleventy Marketing Group*

Mr. Nate Drushell
*InfoCision Management Corp.*

Mr. Steve Froehlich
*ALSAC – St. Jude*

Ms. Karen Gleason
*NNE Marketing*

Ms. Jacqui Groseth
*Union Rescue Mission*

Ms. Kimberly Haywood
*March of Dimes*

Mr. Roger Hiyama
*CDR Fundraising Group*

Ms. Karin Kirchoff
*MINDset direct*

Ms. Erika Fry Kloehn
*Save the Children Federation, Inc.*

Ms. Gretchen Littlefield
*Infogroup*

Mr. Dennis McCarthy
*Blackbaud*

Ms. Shannon McCracken
*Special Olympics International*

Ms. Kyla Shawyer
*Operation Smile*

Ms. Joan H. Smyth Dengler
*Covenant House*

Mr. Atul Tandon
*Tandon Partners LLC*

Ms. Kim Walker
*Memorial Sloan-Kettering Cancer Center*

Ms. Kathy Ward
*American Institute for Cancer Research*

## Staff

Xenia “Senny” Boone, Esq.
*General Counsel*

Alicia Osgood
*Director of Membership & Communications*

Malene Ward, CMP & CEM
*Director of Education & Conferences*

DMA NONPROFIT FEDERATION

The world’s largest trade association dedicated to advancing & protecting responsible data-driven marketing.


1615 L Street NW, Suite 1100
Washington, DC 20036
Phone: 202.861.2427
Fax: 202.628.4383
nonprofitfederation.org

The *Journal* is published online three times per year—January, April, and September.

Alicia Osgood
*Managing Editor*
*AOsgood@the-dma.org*

Leslie Oakey
*Publication Design*
*leslieoakey.com*


**News Thursdays**

A bi-weekly round-up of nonprofit-specific news & information direct to your inbox.

**Nonprofit Careers**

The latest jobs, delivered to your inbox weekly.

**Get connected!**

Sign up for either newsletter (or both!) by emailing:
*AOsgood@the-dma.org*

**DMA Nonprofit Federation**

**@DMANF & @AliOzDC**

**Members Only**

# Letter from the Editor

Dear Readers:

The DMA & DMA Nonprofit Federation have a great roster of events coming up… Check out the list on page 4.

DMA & DMANF continue to lead the way in efforts to protect the nonprofit postal rate & charitable deduction as well as prevent an FTC expansion that would include oversight of nonprofits. Our success on all fronts to date is due to an overwhelming response from the nonprofit dual membership of the DMA & DMANF on & off the DMAAction site. Thank you & please keep it up by answering our calls for action via our email member alerts!

**DMAAction**
dmaaction.org

**Membership pricing & benefits:**
nonprofitfederation.org/membership

Remember that if you received this *Journal* by way of forward from someone outside your nonprofit or company, that your organization or company must have a membership (nonprofit organizations) or Corporate Partnership (for-profit agencies & suppliers) to receive DMA Nonprofit Federation member benefits. Visit the membership section of our website to view pricing & benefits information.

In this edition of the *Journal*:

- The **DMANF Ethics Committee** offers the ***DRAFT*** DMANF Principles & Best Practices for Accountability in Fundraising for your review & comment to AOsgood@the-dma.org;
- **Dan Pallotta** debunks the pervasive and wrongheaded notions about charity;
- A brief review of the nonprofit sessions at DMA in DC 2013;
- **John Murphy** with the big benefits of big data;
- **Richard Becker** with tools for reactivating lapsed donors;
- **Jenifer Snyder, Esquire** with the rewards of Text-to-Donate; and
- **Erica Waasdorp** with an excerpt from her recently published book, *Monthly Giving. The Sleeping Giant*.

I hope you enjoy this edition of the *Journal* & thank you for your continued support of the DMA Nonprofit Federation.

Warm regards,

Managing Editor
AOsgood@the-dma.org

# Upcoming Events
## from the DMA and the DMA Nonprofit Federation

May 1, 2013 / 2-3 pm ET

### Online Attribution & Digital Channel Tactics Explained

WEBINAR http://thedma.org/webinars/4413/

May 22, 2013

### Direct Marketing 101

http://nonprofitfederation.org/node/218
Easter Seals Headquarters
233 South Wacker Drive, Suite 2400
Chicago, IL 60606

June 10-13, 2013

### Integrated Marketing Week

http://www.imweek.org/
Metropolitan Pavilion
New York, NY

July 16, 2013

Offered in conjunction with the 2013 New York Nonprofit Conference

### Nonprofit Mobile Day

http://thedma.org/portfolio/ny-nonprofit-mobile-day-july-16-nyc/
DMA Headquarters
1120 Avenue of the Americas
New York, NY 10036

*Nonprofit Mobile Day is co-sponsored by Napean's Mobile Commerce Daily.*

July 17-18, 2013

### 2013 New York Nonprofit Conference

http://ny.dmanf.org/
Grand Hyatt New York
New York, NY

October 12-17, 2013

### DMA 2013 – The Global Event for Data-Driven Marketers

http://dma13.org/
McCormick Place West
Chicago, IL

For Your Review & Comment
to AOsgood@the-dma.org

DMANF Ethics Committee

# *DRAFT* DMANF Principles & Best Practices for Accountability in Fundraising

While a nonprofit does not, by definition, have shareholders, it is similarly accountable to both its donors and the constituencies it serves through its mission. The nonprofit has an obligation to make solid business decisions to help it meet both short- and long-term objectives that will, in turn, make the world a better place. The DMANF supports the incredible impact made by nonprofits every year and encourages its members to hold themselves and the industry to the highest standards of ethical accountability.

Donors expect nonprofits to be operating at a high level of standards and transparency. While a given practice or action may not be unethical, it may not meet the standards of these principles and best practices. Most importantly, the degree to which a situation is ethical or not ethical is **NOT** determined by financial results.

---

## General Principles

**a.** Nonprofits must have a well-defined mission statement describing what they do and why. Clear articulation of mission helps donors determine whether this is a cause and organization that they will choose to support.

**b.** Nonprofits must act in a way that furthers their mission. This includes responsible use of resources consistent with their stated mission objectives.

**c.** Messaging to donors must be accurate and transparent. A nonprofit organization must accurately describe how it spends its money, and must do what it promises to do.

**d.** Nonprofits must apply good faith effort to comply with relevant federal and state laws and regulations.

## Use of Funds / Cost of Fundraising

Fundraising to the general public is a key function of nonprofits because in most cases this is the primary source of unrestricted financial support. Without donors, and without fundraising activities to acquire and retain these donors, nonprofits could not remain active and their mission delivery would no longer be viable. Fundraising is both a short- and long-term investment in the mission of the organization.

**a.** Management and fundraising costs are a normal part of doing business.

**b.** Donors give unrestricted financial support. Funds will be used to best meet the needs of an organization, including investment in fundraising strategies that may pay off in later years. Efficiency measures of a fundraising program, then, can only be based

more

on the organization's overall program and not on a discrete campaign's cost ratio. Analysis should be conducted over a financial reporting period or longer; reporting metrics may include, as examples, the cost to raise a dollar, cost to acquire a donor, long-term donor value, and net revenue available for the organization to spend on mission delivery.

**c.** Most stable organizations have diversified sources of funding, each with its own cost of fundraising ratio. Taken in total, in accordance with generally accepted standards, a nonprofit should spend a majority of its annual revenue on program. Year over year fluctuations may occur. Should fundraising expenses exceed program expenses in a financial reporting period, an organization should offer explanation. Circumstances could include a start-up period for a new nonprofit, or a period of intense new donor acquisition to meet long-term sustainability goals or to rebuild after a prior period of cost-cutting and donor attrition. Again, as explained above, a nonprofit's effectiveness is best measured over time and on a combination of mission, impact, financial stability, and growth.

**d.** In order to provide the most accurate understanding of how contributions are used, circumstances may compel a nonprofit to *allocate joint costs that include fundraising and/or to perform valuation of gifts in kind*. These are legitimate and commonplace aspects of financial reporting, are subject to audit and GAAP accounting standards, and are reported on a nonprofit's IRS 990.

**i.** Joint cost allocation divides the cost of an activity when more than one purpose is served and the activity includes a fundraising appeal. A CEO's salary may be divided among program, management & general, and fundraising functions. It is the same with a joint cost that includes fundraising costs. For example, an organization devoted to cancer prevention could send a mass mailing that includes both a brochure detailing lifestyle changes to reduce risk of cancer, and a letter and pledge form asking for financial support. The cost of the informational materials is considered a public education expense (a "program" expense), while the cost of materials asking for financial support is considered fundraising expense. Generally Accepted Accounting Principles (GAAP) Statement of Position 98-2 provides guidance on how to accurately allocate the cost of the multi-purpose activity across expense categories.

**ii.** Gifts In Kind (also known as Value In Kind) valuation is an accounting of goods donated to an organization. For example, a food bank collects both financial contributions as well as nonperishable food donations. Accounting of the financial support alone under-reports the true extent of the food bank's delivery on its mission of feeding the hungry. Accounting of the goods donations helps donors understand the full picture of the food bank's services, i.e., amount of food distributed to local families.

As with any financial accounting, it is expected that an organization honestly and accurately calculates and reports both joint cost allocations and gift in kind valuations consistent with financial auditing standards and requirements.

## Partnerships and Agreements with Commercial Partners

As a rule, nonprofit staff are primarily focused on delivering on the mission. Contracting with external agencies, consultants, and suppliers is often the most cost-effective means of accessing fundraising expertise. Written agreements need to be in place, and at minimum these should include documentation about payments due, what the nonprofit is getting, and ownership rights of donor information and materials produced for a fundraising campaign. DMANF makes the following recommendations for agreements made between a nonprofit and a commercial partner:

**a.** The nonprofit organization must always — both by terms of the agreement and in practice — be in control of the program, message delivery, and the collection of funds.

**b.** The nonprofit must always be in control of and have immediate access to all donor names and contact information generated from efforts on their behalf. There should be clear understanding of whether and how the commercial entity will use the donor names generated from campaigns.

**c.** A nonprofit should avoid all actual and perceived conflict of interest between nonprofit/client and partner/vendor. This includes organizational conflicts of interest, as well as those that may exist for any staff or Board member. For example, a principle within the vendor company should not also serve on the nonprofit organization's Board of Directors.

**d.** A contract needs to include a clearly defined, reasonable payment schedule for services and materials to avoid real or perceived conflict of interest wherein proceeds are tied to payment terms, and the beneficiary of such proceeds (donations) is not in fact the nonprofit as the fundraising appeal states, but the vendor.

**e.** It is incumbent upon the nonprofit to understand contract terms, including payment requirements, and confirm that they will not hinder the nonprofit's ability to execute and further advance the mission of the organization.

**f.** A commercial entity partnering with a nonprofit organization should not knowingly or carelessly hurt or endanger the financial health and/or the good work or good reputation of the organization. For example, a savvy vendor should not take advantage of inexperienced staff at a nonprofit to enter into what would be an ill-advised agreement if adequate legal and fundraising marketplace advice were brought to bear.

**g.** The commercial partner should meet all federal and state requirements for working with nonprofits on fundraising, and all the various filings should be complete and up-to-date. JDMANF

**Please email your comments on these draft principles & best practices to AOsgood@the-dma.org by May 30, 2013.**

**The DMANF encourages its members to hold themselves to the highest ethical standards.**

# The Way We Think About Charity Is Dead Wrong

This talk originally delivered at TED 2013 on March 1, 2013 in Long Beach, California.

I want to talk about social innovation and social entrepreneurship. I happen to have triplets. They're little. They're five years old. Sometimes I tell people I have triplets. They say, "Really? How many?" Now, I also happen to be gay. Being gay and fathering triplets is by far the most socially innovative, socially entrepreneurial thing I have ever done.

The real social innovation I want to talk about involves charity. I want to talk about how the things we've been taught to think about giving and about charity and about the nonprofit sector are actually undermining the causes we love and our profound yearning to change the world.

But before I do that, I want to ask if we even believe that the nonprofit sector has any serious role to play in changing the world. A lot of people say now that business will lift up the developing economies, and social business will take care of the rest. And I do believe that business will move the great mass of humanity forward. But it always leaves behind that 10 percent or more that is most disadvantaged or unlucky. And social business needs markets, and there are some issues for which you just can't develop the kind of money measures that you need for a market. I sit on the board of a center for the developmentally disabled, and these people want laughter and compassion and they want love. How do you monetize that? And that's where the nonprofit sector and philanthropy come in. Philanthropy is the market for love. It is the market for all those people for whom there is no other market coming. And so if we really want, like Buckminster Fuller said, a world that works for everyone, with no one and nothing left out, then the nonprofit sector has to be a serious part of the conversation.

But it doesn't seem to be working. Why have our breast cancer charities not come close to finding a cure for breast cancer, or our homeless charities not come close to ending homelessness in any major city? Why has poverty remained stuck at 12 percent of the U.S. population for 40 years?

And the answer is, these social problems are massive in scale, our organizations are tiny up against them, and we have a belief system that keeps them tiny. We have two rulebooks. We have one for the nonprofit sector and one for the rest of the economic world. **It's an apartheid, and it discriminates against the [nonprofit] sector in five different areas, the first being compensation.**

So in the for-profit sector, the more value you produce, the more money you can make. But we don't like nonprofits to use money to incentivize people to produce more in social service. We have a visceral reaction to the idea that anyone would make very much money helping other people. Interesting that we don't have a visceral reaction to the notion that people would make a lot of money not helping other people. You know, you want to make $50 million dollars selling violent video games to kids, go for it. We'll put you on the cover of *Wired* magazine. But you want to make half a million dollars trying to cure kids of malaria, and you're considered a parasite yourself.

And we think of this as our system of ethics, but what we don't realize is that this system has a powerful side effect, which is, it gives a really stark, mutually exclusive choice between doing very well for yourself and your family or doing good for the world to the brightest minds coming out of our best universities, and sends tens of thousands of people who could make a huge difference in the nonprofit sector marching every year directly into the for-profit sector because they're not willing to make that kind of lifelong economic sacrifice. *Businessweek* did a survey, looked at the compensation packages for MBAs 10 years of business school, and the median compensation for a Stanford MBA, with bonus, at the age of 38, was $400,000 dollars. Meanwhile, for the same year, the average salary for the CEO of a $5 million-plus medical charity in the U.S. was $232,000 dollars, and for a hunger charity, $84,000 dollars. Now, there's no way you're going to get a lot of people with $400,000 talent to make a $316,000 sacrifice every year to become the CEO of a hunger charity.

Some people say, "Well, that's just because those MBA types are greedy." Not necessarily. They might be smart. It's cheaper for that person to donate $100,000 dollars every year to the hunger charity, save $50,000 dollars on their taxes, so still be roughly $270,000 dollars a year ahead of the game, now be called a philanthropist because they donated $100,000 dollars to charity, probably sit on the board of the hunger charity, indeed, probably supervise the poor SOB who decided to become the CEO of the hunger charity, and have a lifetime of this kind of power and influence and popular praise still ahead of them.

**The second area of discrimination is advertising and marketing.** So we tell the for-profit sector, "Spend, spend, spend on advertising until the last dollar no longer produces a penny of value." But we don't like to see our donations spent on advertising in charity. Our attitude is, "Well, look, if you can get the advertising donated, you know, at four o'clock in the morning, I'm okay with that. But I don't want my donations spent on advertising. I want it go to the needy." As if the money invested in advertising could not bring in dramatically greater sums of money to serve the needy.

In the 1990s, my company created the long distance AIDSRide bicycle journeys and the 60-mile-long breast cancer three-day walks, and over the course of nine years, we had 182,000 ordinary heroes participate, and they raised a total of $581 million dollars. They raised more money more quickly for these causes than any events in history, all based on the idea that people are weary of being asked to do the least they can possibly do. People are yearning to measure the full distance of their potential on behalf of the causes that they care about deeply. But they have to be asked. We got that many people to participate by buying full-page ads in *The New York Times*, in *The Boston Globe*, in primetime radio and TV advertising. Do you know how many people we would have gotten if we put up flyers in the laundromat?

Charitable giving has remained stuck, in the U.S., at two percent of GDP ever since we started measuring it in the 1970s. That's an important fact, because it tells us that in 40 years, the nonprofit sector has not been able to wrestle any market share away from the for-profit sector. And if you think about it, how could one sector possibly take market share away from another sector if it isn't really allowed to market? And if we tell the consumer brands, "You may advertise all the benefits of your product," but we tell charities, "You cannot advertise all the good that you do," where do we think the consumer dollars are going to flow?

**The third area of discrimination is the taking of risk in pursuit of new ideas for generating revenue.** So Disney can make a new $200 million movie that flops, and nobody calls the attorney general. But you do a little $1 million community fundraiser for the poor, and it doesn't produce a 75 percent profit to the cause in the first 12 months, and your character is called into question. So nonprofits are really reluctant to attempt any brave, daring, giant-scale new fundraising endeavors for fear that if the thing fails, their reputations will be dragged through the mud. Well, you and I know when you prohibit failure, you kill innovation. If you kill innovation in fundraising, you can't raise more revenue. If you can't raise more revenue, you can't grow. And if you can't grow, you can't possibly solve large social problems.

**The fourth area is time.** So Amazon went for six years without returning any profit to investors, and people had patience. They knew that there was a long-term objective down the line of

more

building market dominance. But if a nonprofit organization ever had a dream of building magnificent scale that required that for six years, no money was going to go to the needy, it was all going to be invested in building this scale, we would expect a crucifixion.

**And the last area is profit itself.** So the for-profit sector can pay people profits in order to attract their capital for their new ideas, but you can't pay profits in a nonprofit sector, so the for-profit sector has a lock on the multi-trillion-dollar capital markets, and the nonprofit sector is starved for growth and risk and idea capital.

Well, you put those five things together — you can't use money to lure talent away from the for-profit sector, you can't advertise on anywhere near the scale the for-profit sector does for new customers, you can't take the kinds of risks in pursuit of those customers that the for-profit sector takes, you don't have the same amount of time to find them as the for-profit sector, and you don't have a stock market with which to fund any of this, even if you could do it in the first place, and you've just put the nonprofit sector at an extreme disadvantage to the for-profit sector on every level. If we have any doubts about the effects of this separate rule book, this statistic is sobering: From 1970 to 2009, the number of nonprofits that really grew, that crossed the $50 million annual revenue barrier, is 144. In the same time, the number of for-profits that crossed it is 46,136. So we're dealing with social problems that are massive in scale, and our organizations can't generate any scale. All of the scale goes to Coca-Cola and Burger King.

So why do we think this way? Well, like most fanatical dogma in America, these ideas come from old Puritan beliefs. The Puritans came here for religious reasons, or so they said, but they also came here because they wanted to make a lot of money. They were pious people but they were also really aggressive capitalists, and they were accused of extreme forms of profit-making tendencies compared to the other colonists. But at the same time, the Puritans were Calvinists, so they were taught literally to hate themselves. They were taught that self-interest was a raging sea that was a sure path to eternal damnation. Well, this created a real problem for these people, right? Here they've come all the way across the Atlantic to make all this money. Making all this money will get you sent directly to Hell. What were they to do about this?

Well, charity became their answer. It became this economic sanctuary where they could do penance for their profit-making tendencies at five cents on the dollar. So of course, how could you make money in charity if charity was your penance for making money? Financial incentive was exiled from the realm of helping others so that it could thrive in the area of making money for yourself, and in 400 years, nothing has intervened to say, "That's counterproductive and that's unfair."

**Our generation does not want its epitaph to read, "We kept charity overhead low." We want it to read that we changed the world, and that part of the way we did that was by changing the way we think about these things.**

Now this ideology gets policed by this one very dangerous question, which is, "What percentage of my donation goes to the cause versus overhead?" There are a lot of problems with this question. I'm going to just focus on two. First, it makes us think that overhead is a negative, that it is somehow not part of the cause. But it absolutely is, especially if it's being used for growth. Now, this idea that overhead is somehow an enemy of the cause creates this second, much larger problem, which is, it forces organizations to go without the overhead things they really need to grow in the interest of keeping overhead low.

So we've all been taught that charities should spend as little as possible on overhead things like fundraising under the theory that, well, the less money you spend on fundraising, the more money there is available for the cause. Well, that's true if it's a depressing world in which this pie cannot be made any bigger. But if it's a logical world in which investment in fundraising actually raises more funds and makes the pie bigger, then we have it precisely backwards, and we should be investing more money, not less, in fundraising, because fundraising is the one thing that has the potential to multiply the amount of money available for the cause that we care about so deeply.

I'll give you two examples. We launched the AIDSRides with an initial investment of $50,000 dollars in risk capital. Within nine years, we had multiplied that 1,982 times into $108 million dollars after all expenses for AIDS services. We launched the breast cancer three-days with an initial investment of $350,000 dollars in risk capital. Within just five years, we had multiplied that 554 times into $194 million dollars after all expenses for breast cancer research. Now, if you were a philanthropist really interested in breast cancer, what would make more sense: go out and find the most innovative researcher in the world and give her $350,000 dollars for research, or give her fundraising department the $350,000 dollars to multiply it into $194 million dollars for breast cancer research?

2002 was our most successful year ever. We netted for breast cancer alone, that year alone, $71 million dollars after all expenses. And then we went out of business, suddenly and traumatically.

Why? Well, the short story is, our sponsor split on us. They wanted to distance themselves from us because we were being crucified in the media for investing 40 percent of the gross in recruitment and customer service and the magic of the experience and there is no accounting terminology to describe that kind of investment in growth and in the future, other than this demonic label of overhead. So on one day, all 350 of our great employees lost their jobs because they were labeled overhead. Our sponsor went and tried the events on their own. The overhead went up. Net income for breast cancer research went down by 84 percent, or $60 million dollars in one year.

This is what happens when we confuse morality with frugality. We've all been taught that the bake sale with five percent overhead is morally superior to the professional fundraising enterprise with 40 percent overhead, but we're missing the most important piece of information, which is, what is the actual size of these pies? Who cares if the bake sale only has five percent overhead if it's tiny? What if the bake sale only netted $71 dollars for charity because it made no investment in its scale and the professional fundraising enterprise netted $71 million dollars because it did? Now which pie would we prefer, and which pie do we think people who are hungry would prefer?

Here's how all of this impacts the big picture. I said that charitable giving is two percent of GDP in the United States. That's about $300 billion dollars a year. But only about 20 percent of that, or $60 billion dollars, goes to health and human services causes. The rest goes to religion and higher education and hospitals and that $60 billion dollars is not nearly enough to tackle these problems. But if we could move charitable giving from two percent of GDP up just one step to three percent of GDP, by investing in that growth, that would be an extra $150 billion dollars a year in contributions, and if that money could go disproportionately to health and human services charities, because those were the ones we encouraged to invest in their growth, that would represent a tripling of contributions to that sector. Now we're talking scale. Now we're talking the potential for real change. But it's never going to happen by forcing these organizations to lower their horizons to the demoralizing objective of keeping their overhead low.

Our generation does not want its epitaph to read, "We kept charity overhead low." We want it to read that we changed the world, and that part of the way we did that was by changing the way we think about these things. So the next time you're looking at a charity, don't ask about the rate of their overhead. Ask about the scale of their dreams, their Apple-, Google-, Amazon-scale dreams, how they measure their progress toward those dreams, and what resources they need to make them come true regardless of what the overhead is. Who cares what the overhead is if these problems are actually getting solved? If we can have that kind of generosity, a generosity of thought, then the nonprofit sector can play a massive role in changing the world for all those citizens most desperately in need of it to change. And if that can be our generation's enduring legacy, that we took responsibility for the thinking that had been handed down to us, that we revisited it, we revised it, and we reinvented the whole way humanity thinks about changing things, forever, for everyone, well, I thought I would let the kids sum up what that would be — *"That would be a real social innovation!"* JDMANF

Activist and fundraiser **Dan Pallotta** calls out the double standard that drives our broken relationship to charities. Too many nonprofits, he says, are rewarded for how little they spend – not for what they get done. Instead of equating frugality with morality, he asks us to start rewarding charities for their big goals and big accomplishments (even if that comes with big expenses). In this bold talk, he says: Let's change the way we think about changing the world.

Everything the donating public has been taught about giving is dysfunctional, says AIDS Ride founder Dan Pallotta. He aims to transform the way society thinks about charity and giving and change.

## The Costs of Fundraising: Building Donor Trust

*“Wishin’ don’t make it so.”*

Watchdogs & media wish nonprofits could operate without spending money on marketing & management.

Nonprofits wish the media would stop spreading misconceptions. Stop presenting us as “naive” victims of unscrupulous agencies & suppliers who are simply operating as they should. For all the fuss over telemarketing, you gain donors for your file, a priceless commodity. The principle of doing “whatever it takes” should apply to nonprofits as well, said Angel Aloma of Food For The Poor.

Brian Cowart of Disabled American Veterans, a session attendee, noted that “we are a business.” Our business is “changing lives.” Our business is “saving lives.” These are long term investments. We cannot make decisions based on today any more than the Apple’s of the world can.

The media is feeding into a distrust of charities by giving too much power to the watchdogs & allowing them to set the tone & dialogue. Erika Fry Kloehn, Save the Children, says “chart your impact.” Illustrate how your dollars make a difference. Use existing tools like your annual report or the “charts of impact” the Federation has in development for its members.

The Federation & its members must define the terms by which we are evaluated, not the watchdogs or the media feeding into those misconceptions. Nonprofits must be willing to engage in public relations. Learn how not to fall into traps during conversations with reporters. You may be a great fundraiser, but it doesn’t mean you know how to speak to the media. Tom Harrison, Russ Reid Company says, you must learn.

Among the various watchdogs is Charity Navigator. Their “standards” ignore accepted accounting principles. As DMA prepares a statement specifically addressing Charity Navigator, panelist Tom Harrison of Russ Reid Company offered the following advice to nonprofits currently using their stars in their materials. Use them, but take any opportunity to point out that their methodology used to make their determinations is wrong.

Transparency is power. Shannon McCracken, Special Olympics International, says emphasize your effectiveness. Set the tone & make the conversation.


## Federal Threats to Nonprofit Fundraising: From Postal to Tax “Reform”

*“Playing Dodgeball”*

Nonprofit fundraisers find themselves challenged on multiple fronts — federal fiscal crisis, USPS fiscal crisis, charitable deduction, Federal Trade Commission & state regulators.

The effects of sequestration will begin to rear its head in mid-April. Cuts will not discriminate & will range from the TSA to the parks. The American public will feel these cuts immediately.

As “The Cliff” approaches, minimizing or eliminating deductions could very well appear as part of a last minute deal. For that reason, Food For The Poor’s Angel Aloma noted that the relative calm between the parties could be worse for us than partisan rancor and open hostilities. It allows for costly compromises.

1.1 trillion dollars in revenue would be gained by eliminating deductions. Jerry Cerasale of DMA urged attendees to note the difference between the charitable deduction and other deductions. Angel Aloma cited that the reduction of the charitable deduction from 35% to 28% would result in a 5.6 billion deficit for the nonprofit sector. He urged attendees to "separate theatre from reality." It is your missions that will suffer if the deduction is reduced or eliminated. "It's a matter of life and death." Food For The Poor will face cutting programs by 25%. How do you tell hungry people in crisis "we can't save you now?" Let Congress know that "they will have blood on their hands." Calculate your own charities percentage losses and share those figures. Make your dialogue about people, not percentages.

DMA's Jerry Cerasale urged nonprofits to stick together in this fight. Whether your donors consist of those who take standard deductions "small churches" or itemized deductions "art museums, symphonies," stay on the same page.

An unnamed colleague of Disabled American Veterans' Brian Cowart dubbed the present situation at USPS "bureaucratic constipation." The situation is truly dire. 15 billion lost last year & 10 billion slated to be lost in 2013. The true crisis point for USPS will arrive in 2014 & could be as early as April. USPS will be unable to pay employees or conduct operations.

The loss of Saturday delivery is in Angel Aloma's words a "least of evils." It will equate to six months of headaches as nonprofit mailers adjust drop dates as needed to account for the loss in productivity & additional delays. The irony of this move is that the savings is only 2 billion, a veritable drop in the bucket. Per Senny Boone, DMA General Counsel, the move will make no difference financially for USPS. 16% of letter delivery days will be lost & mail volume will drop.

With strong Union opposition to the move due to the loss of jobs, it will face strong opposition leading up to the August 5th implementation date.

DMA's Jerry Cerasale says the nonprofit postal rate is not under threat at this time, but postal reform is not yet before the House. If any threat to the nonprofit postal rate preference were to appear again, we would look to allies from earlier battles to help with their colleagues. Please stay alert.

## Alicia Osgood

Per Robert Tigner, Regulatory Counsel for the DMA Nonprofit Federation, all is quiet at present on the state front. There is nothing ruminating in state legislatures that could have a negative impact on a national level. DMA continues to monitor state activities & will update the membership should the landscape change.

In closing, Brian Cowart urged attendees to mobilize their colleagues. We simply must get more charities active on The Hill. There is power in numbers & we need more voices raised in our ranks. JDMANF


### Alicia Osgood

**Director of Membership & Communications**
**DMA Nonprofit Federation**


Alicia joined DMA in August 2007. Prior to DMA, Alicia spent over eight years with *Education Week*. A graduate of Randolph-Macon Woman's College in 1998 with a degree in Communication & concentrations in American Literature & Art History, Alicia resides in Washington, DC. A supporter of nonprofit organizations dedicated to historic preservation & eradicating childhood diseases & member of the Daughters of the American Revolution, Alicia is familiar with both sides of the nonprofit direct marketing acquisition & renewal process.

# End-of-Year Campaign Analysis: How Nonprofits Can Take Advantage of Big Data

**As nonprofit development professionals, you want to get the biggest bang for your organization's limited supply of bucks. No matter the budget, every penny counts.** Luckily, advances in technology have changed the way the nonprofit sector can maximize funds. Big data is the new big advantage, and if nonprofits are not taking the opportunity to optimize fundraising campaigns with data analysis, their organizations are missing out on unique insights into their supporters, their cause, and ultimately, their strategies for achieving their mission.

How can your nonprofit quickly and effectively jump on the big data bandwagon? Make a point of performing end-of-year campaign analysis — and then extend those findings to all fundraising campaigns. Implementing this simple strategy at the end of every fiscal year can boost your nonprofit toward achieving the utmost in available resources, and consequently, the success of your mission.

## Why analyze your end-of-year campaign results?

Data and analytics should be key factors in any fundraising campaign. You should assume that other competing nonprofits are making use of both. You can stay ahead of the curve by implementing a strategic campaign analysis.

Traditionally, near the end of the calendar year, many nonprofits launch significant annual fundraising initiatives or event-based fundraising campaigns (walks, runs, etc.). These campaigns provide organizations with rich internal data, yet a large portion of nonprofit professionals don't dedicate the time to look at that data. In fact, some nonprofit campaigns haven't even been designed to produce usable data in the first place. It's time for nonprofit organizations to start using their own data to their advantage.

### Why analyze?

- Increase average donation amount
- Identify high-propensity donors and ways to nurture those relationships
- Identify midpoint donor prospects and develop methods to increase their giving
- Identify donors with the highest potential to enroll

Nonprofit organizations that take the time to analyze campaigns correctly avoid leaving money on the table. Standard best practices for fundraising should, of course, be employed to launch new campaigns where you're starting from scratch. But once a campaign develops history with measurable data, why strategize based on generic "best practices," when your own campaign data shows that different methods unique to your organization and its donor base yield better results?

Testing and analyzing allows you to dig out those better methods and accurately determine the best ways to implement them. Without analytics, your nonprofit organization is missing out on big ways to make a bigger impact.

John Murphy

## How to Begin Analyzing End-of-Year-Data

To successfully assess and review your upcoming end-of-year fundraising campaign, you will need to establish protocol to design campaigns that effectively capture the data needed for your post-campaign analysis. Once the campaign has finished, the thanks have been sent, and the funds are counted, it's time to dig in to your numbers and feedback.

**Big Tip:** As a standard rule throughout the campaign and its analysis, make sure both your supporters and your beneficiaries know you care about them. The ability to personally analyze your entire constituent base will produce the best type of statistics for optimizing fundraising campaigns.

You have the ability to make this happen at your fingertips; all you have to do is take the time to mine your data for insight. The key steps are to **plan** and **analyze**.

## Step 1: Plan for Analysis

Most successful fundraising campaigns are less correlated with contacts, and more with detailed planning for the analysis of historical data, which demonstrate how organizations can better achieve goals. In order to implement your own successful end-of-year analysis, the research process must be well-defined and integrated into the campaign itself. Follow these basic tips for planning your analysis:

**Determine KPIs:** At the beginning of your end-of year campaign, identify key performance indicators (KPIs). These will determine the success or failure of various campaign components upon the fundraiser's conclusion. Some KPIs are fairly standard across all types of campaigns, but those unique to your organization will need to be self-identified.

To identify KPIs, simply ask yourself what you need to know about the campaign to evaluate its success: Were your goals realistic? How well did the overall campaign structure suit those goals? Did your marketing collateral generate leads? Were campaign meetings organized and effective? Which volunteers performed well? Which staff members lagged behind? All of these questions have the potential to be answered by predetermining their KPIs.

**Track Online Campaign Interaction:** Spend time on the front-end to design a fundraising campaign with meaningful tracking capabilities. You can create unique source codes, for example, that track every online link tied to the campaign. With this simple data tracking method, nonprofits can discover which online calls to action (donation forms, appeal emails, etc.) are most effective.

more

**Big data is a big advantage for nonprofits looking to significantly increase their fundraising results.**

Detailed web analytics also allow your nonprofit organization to analyze WHY these methods were best, and to discover clues about how to incorporate those traits into future campaigns and appeals. In doing this, your nonprofit can take advantage of valuable information for substantial increases in fundraising potential. For example, did the appeal using heartwarming content yield significantly more donations than the appeal which created a high sense of urgency. Understanding the types and tones of appeal content that was the most successful provides valuable information into how your constituent base wants to be communicated to — and what will likely be more successful for fundraising initiatives going forward.

**Employ a Cross-Functional Data System:** Data management systems are an integral component of campaign analysis. By going beyond the standard and investing in an advanced data system that connects separate databases, your analysis efforts will be catapulted to new heights. With a cross-functional system, you can integrate your organization's database with other relevant systems, and then maximize insights with external survey results, demographic data, and more.

**Big Tip:** By the end stages of planning, you will have all your analytics tools set up and ready to rock. You have a detailed plan for gathering information and analyzing it after your end-of-year fundraising campaign(s).

Taking advantage of campaign data requires dedication. Before your organization can feel the positive impact of data analysis, it must put in the hours and resources necessary to thoroughly consider every component of the campaign, all types of data, and all methods that could be used for improvement. For a successful analysis plan, make sure your staff is well-prepared and dedicated.

## Step 2: Analyze the End-of-Year Campaign

Once your end-of-year fundraising campaign has come to a close and data has stopped pouring in, it's time to analyze your results. In the next few days, launch your carefully preplanned strategy for gathering qualitative data, analyzing online data, and inferring campaign trends in your KPIs. Follow these basic tips for carrying out your analysis:

**Analyze the Success of Variable Appeals:** Your variable appeals will often overlap with your KPIs, but in case your pre-determined KPIs fail to cover all relevant data, look for further variable appeals.

For example, if your post-campaign analysis shows that a Lightbox brought in 50% of a campaign's revenue, then your nonprofit should ALWAYS be using a Lightbox. By analyzing the success of Appeal #3 vs. Appeal #4, organizations can get a better understanding of how to communicate with its constituents for greater fundraising success.

**Segment and Target:** Campaign data can help you determine who to target in future fundraising campaigns. Organizations that properly learn about their audience as a whole, such as who volunteered, who made donations, and what types of people visited the campaign website, will achieve a nuanced comprehension of how to reach potential supporters and make a bigger impact.

Segmenting your audience allows you to target each demographic category with communications specifically designed for those people. This optimizes the ask stream. For example, a donor who previously gifted $200 should not be sent a generic appeal asking for $25. Furthermore, if your data shows, for example, that your website achieved high donations from 30- to 39-year-old men, you can compare this finding to the results of other campaign components and optimize future communications accordingly.

**Look at Your Data Collectively**: Your fundraising initiatives produce myriad data from individual campaign components, many of which work together to produce the final outcomes. Make sure to collectively analyze the big picture that ultimately arises from campaign events and occurrences.

**Big Tip:** Thorough data analysis strives to measure not only outcomes, but also the inputs and outputs, such as demographic data on donors. These three factors should be analyzed both independently and as a whole, with attention to the integral relationships that are often overlooked during rushed end-of-year reporting.

## Conclusion

With all the time and dedication required to successfully analyze end-of-year campaign data, is the whole process really worth it? Without a doubt, the answer is yes. Although many organizations still perceive analytics as a discretionary investment, the most effective nonprofits are making a different assessment. Organizations with deeper insights mined from their internal data can better focus their communications, better allocate their resources, and better achieve their goals. Big data is a big advantage for nonprofits looking to significantly increase their fundraising results. JDMANF

**John Murphy**

**President/CEO and Founder,**
**Zuri Group**

Zuri Group provides nonprofits with custom technology solutions to meet critical organizational needs, such as improved fundraising using their existing platform. For more info, visit www.zurigroup.com.

**Business challenge:** Nonprofit organizations are experiencing significant declines in donor acquisition rates, resulting in diminishing direct marketing return on investment (ROI) for acquisition marketing campaigns.

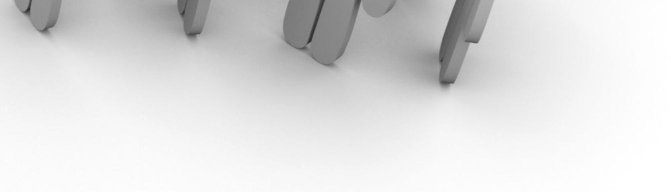
**New techniques to improve direct marketing profitability:** Top performing nonprofit direct marketers are leveraging philanthropic and loyalty-driven segmentation to identify retention and reactivation opportunities, emphasizing long-term value over response.

Richard Becker

## Why Lapsed Donors Are An Attractive Target

With a burgeoning array of low-cost channels such as email, social media, online advertising, eNewsletters, and mobile advertising, there is an unprecedented level of "noise" surrounding prospective donors. While mass marketers delight in the ease-of-availability, low-cost, and expansive reach of these new channels, direct marketers cringe at the low barrier of entry they afford new market entrants and the overall marketing saturation that continues to drive down donor response. Never has there been greater competition for the minds, hearts, and wallets of would-be donors.

With a need to optimize direct marketing spend and general wariness of declining acquisition response rates, direct marketers have renewed their focus on mining their active and inactive donor files. These are areas where awareness, favorability, and consideration have already been established.



# Reactivating Lapsed Donors:

## How to Use Loyalty & Philanthropic Segmentation to Optimize Donor Reactivation

### Predetermined attributes of active and inactive donors

| | |
|---|---|
| Awareness | Am I aware of your organization? |
| Favorability | Do I have a favorable view of your organization and a passion for your cause? |
| Consideration | Am I philanthropic and would I give to your organization? |
| Intent to Donate | Have you given me a strong reason to give to your organization at this time? |
| Donate | Do I know how to give to your organization at this time? |

Perhaps the most fertile ground for direct marketers is their inactive donor file. With first-year retention rates for nonprofits at 27.3% and multi-year donor retention rates at 58.4%, nonprofits have a healthy base of prospects to recapture — all of which have cleared the important first hurdle of being favorably aware and considerate of their organization.

### Reactivation & Retention Rates

| donorCentrics index of national fundraising performance | Reactivation rate (1-5 year lapsed) | Retention rate overall | Retention rate, 1st year donors | Retention rate, multiyear donors |
|---|---|---|---|---|
| Overall Index | 8.2% | 50.5% | 27.3% | 58.4% |
| Animal Welfare | 9.0% | 53.7% | 32.0% | 62.5% |
| Arts & Culture | 9.9% | 65.4% | 32.6% | 70.8% |
| Environmental | 8.3% | 53.0% | 26.9% | 61.7% |
| Health | 6.7% | 43.7% | 25.7% | 53.7% |
| Human Services | 8.4% | 51.2% | 33.6% | 57.1% |
| International Relief | 7.5% | 42.8% | 21.1% | 58.4% |
| Religion | 10.8% | 53.3% | 30.2% | 58.1% |
| Societal Benefit | 10.6% | 56.4% | 34.3% | 64.4% |

more

## How to Optimize a Donor Reactivation Campaign

Examining the typical nonprofit inactive file, analysis reveals that the opportunity for reactivation is largely related to a combination of donor loyalty and overall philanthropic characteristics. In a recent analysis conducted by Target Analytics®, inactive donors were segmented into six categories representing a combination of a donor's loyalty to a specific organization and overall philanthropic behavior.

### Loyalty/Philanthropic Segments for Lapsed Donors

| | |
|---|---|
| Missed Connections | Donors who at the time of their lapsing had shown engagement to your organization beyond what they typically showed other organizations, and are still active donors to other organizations. |
| Absent Allies | Donors who at the time of their lapsing had shown engagement to your organization beyond what they typically showed to other organizations, but are not actively giving to other organizations. |
| Higher Dollar | Donors who have been identified as consistently giving high dollar gifts to other organizations after lapsing with you. |
| Giving Stalwarts | Donors who showed little engagement to your organization prior to lapsing, but are currently philanthropic to other organizations |
| Constant Low Dollar | Donors who are unlikely to give anything but a low dollar gift based on their previous giving to your organization and current giving to other organizations. |
| Long Shots | Donors who are unlikely to give an additional gift to you, based on their overall giving history to all organizations and relationship with you. |

For the analysis, these segments were then applied to the lapsed file of a major international relief organization conducting a reacquisition campaign.

| Segment | % of lapsed donor file | Campaign response | Average gift | $ per mailed prospect | % of $ raised in campaign |
|---|---|---|---|---|---|
| Missed Connections | 14% | 6.7% | $55.39 | $6.01 | 15% |
| Absent Allies | 2% | 0.8% | $83.79 | $0.83 | 0% |
| Higher Dollar | 21% | 6.5% | $128.36 | $12.70 | 49% |
| Giving Stalwarts | 39% | 6.2% | $48.83 | $4.46 | 31% |
| Constant Low Dollar | 3% | 2.1% | $12.89 | $0.35 | 0% |
| Long Shots | 21% | 1.0% | $70.77 | $1.00 | 4% |

As evidenced in the campaign metrics, three of the segments (Missed Connections, Higher Dollar, and Giving Stalwarts) exhibited substantially higher campaign response and amount per mailed prospect metrics, driving approximately 95% of the total program dollars raised.

Consistent with results seen in other nonprofit campaigns, organization-specific loyalty was not the only driver of likelihood to reactivate. Rather, loyalty combined with the degree and consistency of a donor's overall philanthropic behavior across all organizations yields the most effective use of campaign dollars (as evidenced by Missed Connections and Higher Dollar segments outperforming on percent of total amount raised in campaign).

Essentially, the analytics demonstrates three key elements:

- Understanding a consumer's overall giving profile (having a 360-degree view of the donor) is essential to understanding his likelihood to reactivate. Undivided loyalty to a single organization is extraordinarily rare. Ultimately, donors with a consistent and sustained giving history across multiple organizations have the highest likelihood to reactivate — as evidenced by the fact that Giving Stalwarts out-contribute Absent Allies.
- Constant Low Dollar donors (also known as "Tippers") can easily be misconstrued as strong targets due to

their better-than-average response rates and the fact that they tend to be active with multiple nonprofit organizations. Their long-term value and overall contribution to campaign performance as measured in dollars raised, however, often better suit them for a suppression file. Ultimately, historical consistency of giving combined with variety or progression in giving amount is indicative of sustainability, upgradeability, and long-term value.

- Short of a long-term value calculation, dollar per mailed prospect is one of the best metrics for campaign evaluation. Average Gift Amount for campaign responders can lead a direct marketer astray. Absent Allies and Long Shots would appear to be a strong target segment based on average gift amount; however, their dollar per mailed prospect tells a much different story, as these segments combine for a minimal amount of the dollars raised within the overall campaign.

## Key Takeaways and Recommendations for Reactivation Campaigns

In the end, the overall recency, frequency, and monetary (RFM) amount characteristics of inactive donors prove most essential. Additional segmentation incorporating loyalty can assist in fine-tuning the target population for a reactivation campaign and directing segment-specific strategies. For example:

| Segment | Recommended Direct Marketing Strategy |
|---|---|
| Missed Connections | Survey or conduct focus groups to determine why they stopped giving |
| Absent Allies | Remind them of the value of their previous contributions, but also that more still needs to be done |
| High Dollar | If older, use infrequent stewardship only mailings |
| Giving Stalwarts | If younger, reconnect through non-traditional channels such as events and online |
| Constant Low Dollar | Mail in an acquisition campaign with a higher ask string |
| Long Shots | Mail in an acquisition campaign as if they were a new donor |

While demographic and life stage-driven segmentation schemes have long been utilized by nonprofit and for-profit organizations alike, philanthropic behavioral segmentation offers a more effective alternative. With the prevalence of historical giving behavior and loyalty characteristics available through nonprofit industry cooperative databases, donor behavioral segmentation offers the most comprehensive, useful, and accurate level of insight for segmentation and prospect selection.

Ultimately, nonprofits willing to take the extra step beyond simple RFM, incorporating loyalty- and philanthropic-based segmentation within their active (0-24 month), lapsed (24-120 month), and deep-lapsed (120+ month) files are consistently able to isolate over 90% of the dollars likely to be raised within a campaign, better enabling optimization of constrained marketing dollars and focusing on segments that prove most profitable. JDMANF

**Richard Becker**

**President, Target Analytics (a subsidiary of Blackbaud, Inc.)**

Richard Becker is President of Target Analytics (a subsidiary of Blackbaud, Inc.), a leading provider of direct marketing, constituent management, fundraising performance benchmarking, and prospect research services to nonprofit organizations.

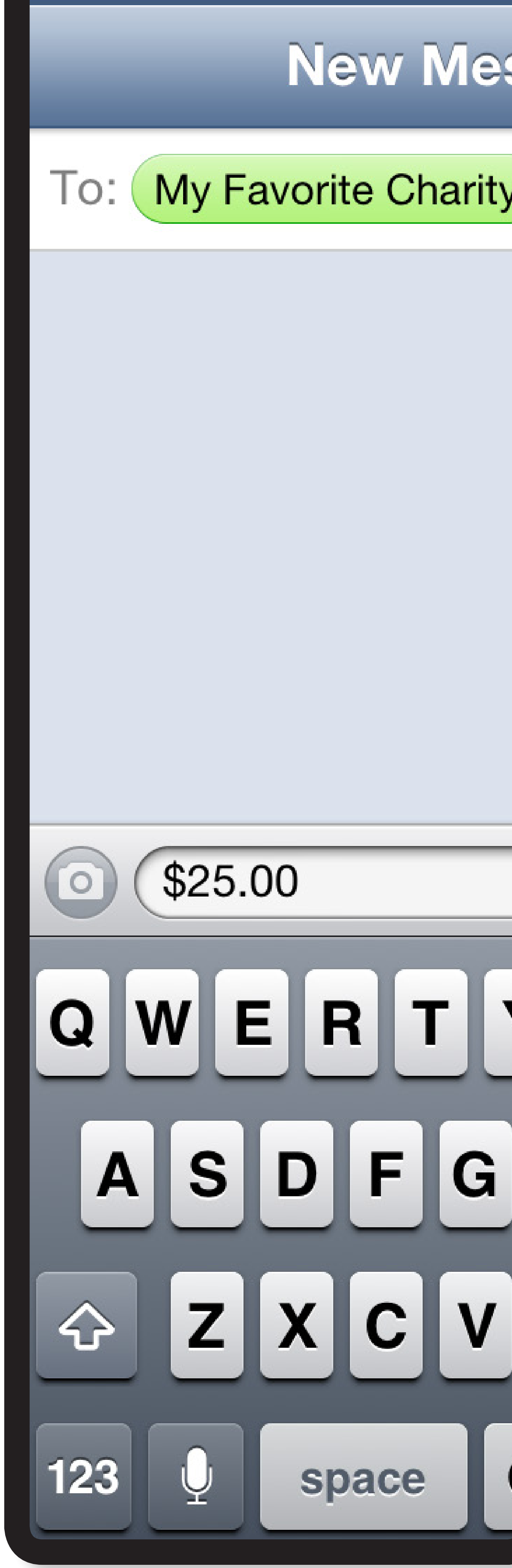
Richard is responsible for overall strategy and business operations, leading the sales, technology, delivery, analytics, and product management teams. Prior to joining Target Analytics, Richard held a variety of leadership roles in strategy, marketing, technology, and operations. Most recently he was Vice President of Strategy with Equifax, Inc., a global consumer and commercial information provider.

A frequent speaker and author, Richard is an expert in the areas of predictive analytics, constituent relationship management (CRM), data management, and integrated multichannel marketing, and has been recognized for his innovative work in risk and marketing analytics.

He received his MBA from the University of Georgia – Terry College of Business, and holds a BA in English Literature from Wake Forest University.

# Text-to-Donate: Clear Advantages for Nonprofits Who Take the Right Steps

Jenifer Snyder, Esq.



If a spaceship landed on Earth today it would seem unsurprising — after we recovered from our initial shock – if E.T. thought mobile phones were the planet's dominate life form. That's because in 2012, according to the Mobile World Congress which just met in Barcelona, there were more mobile phones on Earth than humans. And even if the imagined little green men or women didn't say "take me to your smartphone," nonprofits should be saying exactly that when developing effective fundraising campaigns.

Mobile phones have not just proliferated on planet Earth– they have become a central feature of our lives. People use their phones to make calls, browse the web, check email, text, take pictures and engage in social media. More importantly, for nonprofit fundraisers seeking to reach the next generation of donors, 77 percent of Millennials (age 20-35) surveyed in the 2012 Millennial Impact Report said they own a smartphone and nearly 80 percent of that group use it to connect to a nonprofit organization.

And there is ample evidence that nonprofits that integrate mobile into all of their communication plans will reap the benefits. According to the 2012 mGive Text Giving Study, the market seems poised to welcome nonprofits who engage it through mobile fundraising. The study shows:

- Donors like text giving campaigns: 93 percent of respondents rated their experience with text giving as "excellent" or "good."
- Donors want to give more money through text.
- Mobile phone users like giving through their phone because it's easy, convenient and in their control.
- Donors prefer giving through their mobile phones: Donors named mobile fundraising as their second most favorite way to become philanthropists, second only to online giving.

In 2012 the advantages to nonprofits that incorporate mobile into their fundraising campaigns were clear. Mobile engagement helped nonprofits build long-lasting relationships with new and younger donors. Text donations raised money more quickly and fostered better education to donors and prospects.

Two nonprofits, Active Heroes and the National Geographic Society, are great examples that mobile fundraising doesn't just work, it's a dynamic way to accomplish a nonprofit's engagement goals. They are very different organizations. One is large and well established with resources for a fully integrated marketing campaign. One is a small start-up. The results for both are proof that mobile should be a part of any type of fundraising campaign that wants immediate success. Any size nonprofit can have a mobile victory, just by using text communication to touch the hearts of supporters.

Troy Yocum is founder and president of Active Heroes, an organization dedicated to helping veterans, active duty military and their families. Active Heroes jumped at the opportunity for mobile philanthropy and saw stellar results in their first mobile endeavor.

"With mobile, we raised more money than we had ever raised in that short of a time frame," Yocum said. "And, a text-to-donate campaign with mGive gave us a way to create valuable relationships with new funders and increase awareness of issues facing military personnel. We're expanding our fundraising and engagement efforts because of the success we had with our first successful foray into mobile."

The 2012 Digital Giving Index reports that social giving increased 21 percent from 2011-2012. Active Heroes tapped into this growing trend by integrating social media into their text campaign to engage their supporters and encourage donors to challenge their friends to give.

The National Geographic Society also understands how to integrate mobile fundraising into multiple touch points, successfully raising donations from new contributors. They raised more than $50,000 in $5 and $10 increments during and after "Big Cat Week" and the "Last Lions" documentary on *Nat Geo Wild* and *The National Geographic Channel* by turning viewers into mobile donors.

"I had no doubts that mobile would be a strong addition to our fundraising strategy," said Ann Maier, vice president of development communications and outreach at National Geographic Society. "I have seen what the right mobile strategy is capable of, and have been an advocate for using it since day one."

The successes of these nonprofits are no accident. mGive makes the mobile donation channel easy, secure and innovative. Everyone wants to help make the world a better place. With mGive, the mobile devices already at our fingertips also become personal tools to change the world.

more

These are the four steps for maximizing the integration of mobile into nonprofit charitable campaigns, based on the success achieved in hundreds of mobile campaigns powered by mGive.

## Step #1:

### Focus on Millennials – and Everyone Else Too

The 2012 mGive Text Giving Study shows that mobile has permeated the generation gap. Even Boomers and Generation X are texting. The study shows an increase in the age of text donor respondents for Generation X, Boomers 2 and Baby Boomers, from 2011 to 2012. Text donations are not just restricted to Generation Y anymore. You may be surprised at the diversity of real and potential mobile donors.

For example, one of mGive's clients recently shared a story that captures the power of mobile: They have been successfully using mobile fundraising for some time, yet still thought it would be a distraction if used during an annual meeting. During the event they looked into the audience and watched several grandparents pull out their smartphones to show off pictures of their grandchildren. With the ability to reach every generation, mobile phones are relationship building tools across all age groups.

## Step #2:

### Multi-Channel Integration Is Key

During its mobile fundraising campaign, Active Heroes wasn't just asking for donations. They used social media to engage the general public throughout the day, building a more dynamic relationship than is possible in traditional giving channels. By providing donation results live on Facebook, Active Heroes was able to gain attention and then migrate their Facebook followers into mobile donors within 24 hours.

Over the years, National Geographic Society brought mobile fundraising from static signage to become a more integral part of their fundraising efforts. They raised over $50,000 by integrating mobile into multiple touch points and marketing channels. The campaign was started to raise money during and after "Big Cat Week," a series on Nat Geo Wild that focuses on vanishing big cat species in the wild.

Through two mobile campaigns during "Big Cat Week," 27 percent of unique new mobile supporters opted to provide

**Everyone wants to contribute to making the world a better place.**

their email through mobile donations. Of these mobile donors, 25 made additional online gifts totaling $2,025. These examples of multiple participation by mobile donors is consistent with the 2012 Text Giving Study, which shows that 85 percent of respondents who give to an organization by text are inclined to give larger donations through other channels as well.

The 2012 mGive Text Giving survey shows that mobile fundraising does not cannibalize other forms of donations. National Geographic Society's experience demonstrates that. By engaging and cultivating their mobile community, their donors gave again, and gave more through other means.

## Step #3:

### Impassioned Hearts Need Immediate Gratification

When your organization is competing for attention on a day dedicated to giving, you have to be able to compel your donors to give. Donors have to feel they are more than just a $10 donation; they need to become a part of the story. You do that by appealing to the heart and using text donations as a means to translate feeling into action.

Active Heroes used pictures and social media to touch their donors' hearts. Whether a donor was motivated by an image of a mother and her daughter reuniting or by a young son saluting his father when he came home, each picture offered a story where the donor could be involved in reuniting families and thanking our military personally.

"On our first day using mobile we saw incredible results with simple engagements," Yocum said. "Mobile has changed how people give, and it has become a permanent part of our fundraising strategy. And that's simply because Text-to-Donate works."

"mGive's mobile platform gives supporters a way to engage with us that is both immediately gratifying and tailored to personal interests," said Maier. "It gives us a way to put something in their hand, wherever they are, and say 'look at this-you can help now!"

The immediacy of mobile donations is particularly important for Millennials. In the 2012 Millennial Impact report, a plurality of 42 percent defined their giving practices as donating "to whatever inspires me at the moment." Millennials seek opportunities to respond immediately to inspiration.

mGive guarantees the mobile donation channel is easy, secure and innovative. Everyone wants to contribute to making the world a better place. mGive empowers people to achieve the good intentions in their hearts through the mobile devices they hold in the palms of their hands.

With the prevalence of mobile phones and their increasing importance in our personal lives, it is clear that nonprofits who embrace their promise by integrating mobile into their campaigns will stand worlds apart from the rest. JDMANF

**Jenifer Snyder, Esq.**

**Executive Director**
**The mGive Foundation**

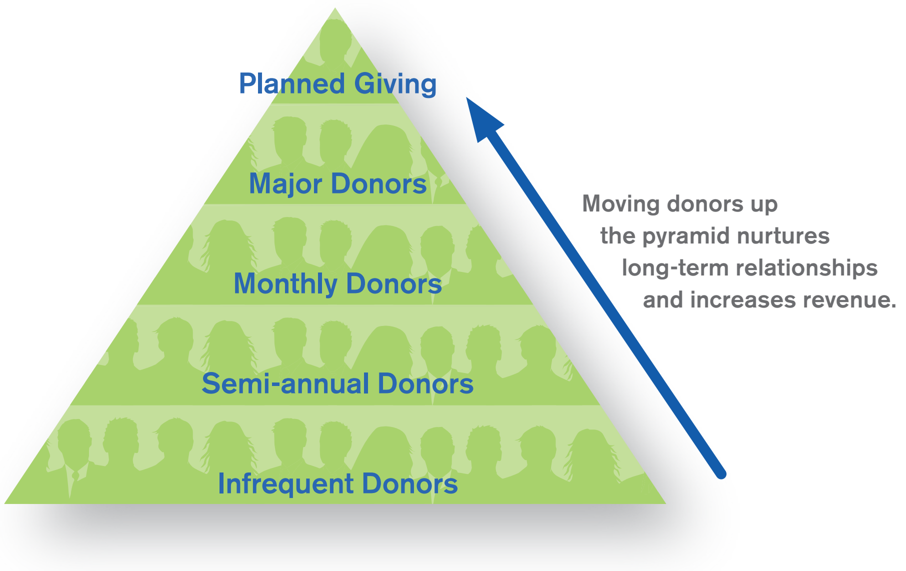
As Executive Director of The mGive Foundation, Jenifer is dedicated to expanding the scope and reach of the mobile channel for social good. She brings years of leadership experience in the mobile industry to the position. Previously, Jenifer was a founder and General Counsel for 9 Squared, Inc., a mobile content and services company subsequently acquired by the Zed Group. She left Zed in 2007 and started building the mobile channel for social and charitable effort, later forming The mGive Foundation.

# MONTHLY GIVING Rocks!

## Erica Waasdorp

This article is an excerpt of the first chapter of Erica's book *Monthly Giving. The Sleeping Giant,* available at Amazon.com in print and e-book.

I would like to start with a quote from someone who is just as passionate as I am about monthly giving, Jonathon Grapsas of Flat Earth Direct in Australia. "Monthly giving rocks. Its payoff is in relative terms quick, and pending you caring for them greatly, long as well. It isn't about monthly giving versus another type of giving for your program. It's about how you can make monthly giving work. It co-exists peacefully with everything else you do. And any fundraiser who chooses not to focus on monthly giving as a core part of what they do does so at their peril."




If you look at the **giving pyramid**, monthly donors are sandwiched between major and occasional donors. These contributors, also called sustainers, monthly givers, committed givers, direct debits or specific brand names like Champions, Circle of Friends and the like, do not generate as much as major donors (not right away), but they will certainly generate more revenue than a one- or two-time-a-year giver.

These monthly givers are the wonderful, consistent givers that may make a difference in a recession. They are typically so committed that they will stay with you through thick and thin. Organizations with larger programs are able to show some donors still with them after 10 years. Just think of the long-term revenue this generates for the organization!

And the good news is, with a little bit of work and some investment, these monthly donors will perhaps leave you the ultimate gift — a bequest. The other good news is that starting a monthly giving program is not as time-consuming and personnel resource intensive as starting a major giving program. Most monthly donors can be generated through some of the 'old' proven direct response media methods.

Here is one example (and believe me, there are many more of these) of how much a monthly donor can be worth to you:

Beginning with a $25 gift in 1983, a generous individual made a total of 279 monthly gifts of $25 or $30 each over a 22-year period ending in 2005. Unfortunately, that's when the donor passed away. One year later, the organization received a $25,000 bequest from its former, loyal donor. The total value of these 280 gifts: $31,250!!! (Warwick, Mal. January 2008. Email newsletter.)

Starting a monthly giving program is like anything else in fundraising: If you do not ask, you are not going to get. It is important to plant the seeds of your program. You can only go up!

And do not think that you have to be big to get started. The table below shows how even a small program can make a difference to your bottom line:

| Monthly donors | Average monthly gift | Annual gifts | Total giving first year |
|---|---|---|---|
| 100 | $10 | $120 | $12,000 |
| 200 | $10 | $120 | $24,000 |

It is crucial to begin locating the wonderful nuggets of monthly donors in your organization's database. So, let us get started!

## What is monthly giving and how does it work?

Monthly giving is a program that cultivates an ongoing, committed giving relationship between a donor and your organization. Monthly givers are those donors in your database who have agreed to support your organization through a committed gift.

**Regular "scheduled" giving typically occurs in three ways:**

- **Check**
  The organization sends regular (monthly) reminders.
- **Electronic Funds Transfer (EFT)**
  The donor authorizes the organization to have his or her bank transfer money to the organization on a regular basis.
- **Credit Card/Debit Card**
  The donor authorizes the organization to take the amount from his or her credit card or debit card on a regular basis.

Building a monthly giving program takes time, patience, and continued investment. Some organizations are only able to convert 0.5% of their active donors to monthly givers, while others can convert 5% or more. You will hear of some able to convert even 60% of their donors or members. The number of donations given, the level of giving and the investment in the program determine the ultimate success of the program. Do note that the simplest and cheapest way is to at least offer donors opportunities to give monthly online. It does not cost you much and it's the 'minimal' way to get started.

Which approach works best for your organization is something you will determine via test. Some organizations begin with the check option, send monthly reminders and attempt to convert the donor to an automatic giving option every month through a simple insert in those reminders. For other organizations, going straight for the Electronic Funds Transfer ask works best. For most organizations though, the credit card option seems to be the way to go. It is really the only way to generate monthly donors online and donors are much more comfortable providing their credit card information than any other way.

In most European countries, giving through automatic bank transfers is much more prevalent. But in the US, it is my experience that credit card monthly donors are the best way to go.

more

# Monthly giving is definitely a long-term investment.

No matter which approach you undertake, in order to really grow a program, you will need to invest some money. It is a worthwhile investment! Remember, once you convert donors to monthly donors, they not only give you more money annually, they will also be retained at much higher rates. They are your most loyal donors and they trust you with their bank or credit card information, so they are special.

It is not only donors who need to get into the 'groove.' Getting management and the board into the committed giving mode may be a challenge at first. We all know how hard it is to 'sell' the importance of acquisition campaigns to management and the board. Monthly giving is very similar in that it is definitely a long-term investment.

### Branding Your Monthly Giving Program

TThis is the part where a lot of organizations get 'hung up' and the introduction of the program stalls. The big question is, do you need to develop a special logo and name and how does it fit with the mission? More importantly, how does it fit in with other clubs you already have, like annual fund and major donor levels or legacy societies?

Voila! The monthly giving branding committee is born, meetings are scheduled, rescheduled, communication departments are brainstorming and spending oodles of money… and the clock keeps on ticking. The more time spent here, the longer it takes for these monthly donors to start generating more money for your organization!

Would I recommend giving the monthly giving program a special name? Yes. I think it does make the monthly donor feel special. But on the other hand, don't go crazy over it! Just spend an hour with a few people and brainstorm a few names and pick one. Make sure you can easily use it in a sentence. "You may join as a member of the Champions program today." "Will you become a Guardian today?" "Will you join our Circle of Friends?" "Become a Partner of…" These are all great names to use, but many nonprofits successfully use the name Sustainers too.

As to a logo, again, if you are making one, keep it simple. You could just have the name printed under your organization's logo. In many cases, there's not even a special logo developed, rather just the name is used. But if you have one, in this day and age of laser printers, you can simply incorporate the logo on your letterhead and print on demand, so you don't have to have fancy stock in house. Do remember that donors don't want you spending a lot of money on fancy paper stocks and full color pieces, etc. Typically the reason why they joined your monthly giving program in the first place was because they want to help you save some money so that it may be used for your mission.

### Premiums and Benefits

I have seen monthly giving programs work very successfully even without a name and a special logo, and without a gift for joining, but it also depends on what else you are sending to your donors. In other words, if you generate most of your donations through some type of upfront give away (like a calendar, bookmark, address labels, cards, also called freemiums), then it would be good to have a special back-end premium for joining the monthly giving program.

If you are with an animal organization, you can think of a little animal key chain, pin or perhaps a little fuzzy toy animal. I have seen tote bags, pins, rosaries, to name just a few. Something that is perhaps less than $5 to make and ship is truly appreciated. You will find more about premiums as we describe the various ways to acquire monthly donors.

What is most important is that what you decide to send should befit the organization, the program and not be overly expensive. It should, however, be classy and show your gratitude.

If you are very mission focused in your appeals and you do not typically use a freemium or back-end premium, then you probably will not need anything as an incentive for joining the monthly giving program.

One of the advantages of having a branded, named monthly giving program is that you can easily add some benefits as well. Ideally, they should not cost anything. For religious organizations this may be easy: you may offer a special Mass or recognition service. In some cases, just knowing that the donor makes a difference in a consistent way may be enough of a benefit. You may work into the list of benefits that they will receive less direct mail and instead more personal updates. If you have a newsletter, you may offer that as a special benefit. Again, keep it simple — pick one to three benefits and start the program.

I personally think that the minimum you should send a donor who makes a commitment for many years to come is a personal thank you and ideally a special certificate with the monthly giving program's name on it (and the logo if you have one). Wouldn't you feel special if you received that in the mail? It costs virtually nothing, but it makes a wonderful impact. You have made a friend for life. JDMANF


**Erica Waasdorp**

**Senior Consultant, DMW Direct**
**President, A Direct Solution**

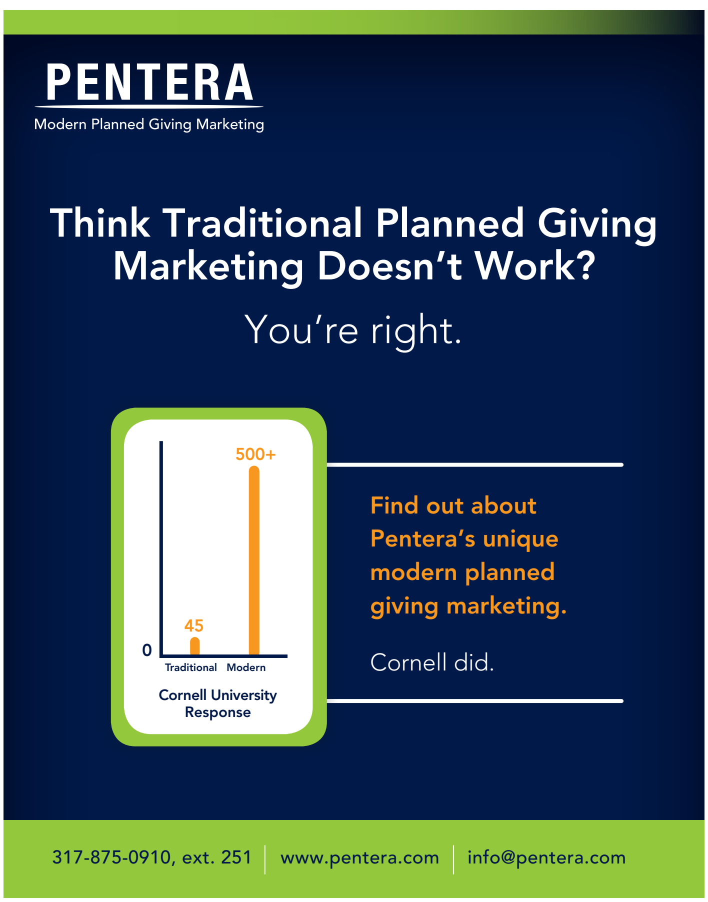

Erica lives and breathes direct response and fundraising and may be considered a "philanthropoholic". Building partnerships and trying to find the best solution for members and donors, and thus clients' needs, are what Erica does best. Her multi-lingual skills and multi-cultural experience are of added value to those clients interested in raising money internationally and her experience in monthly giving has given her an edge for those clients who are ready to embark on this way of giving. Erica has written, moderated sessions and spoken at several nonprofit conferences, covering topics ranging from fundamentals of fundraising, to international fundraising, to monthly giving. *Monthly Giving. The Sleeping Giant* is her first book.


*Monthly Giving. The Sleeping Giant* is available on Amazon (print and e-book) and e-book outlets.


PRINT: ISBN 978-0-9859683-1-1
E-BOOK: 978-0-9859683-0-4

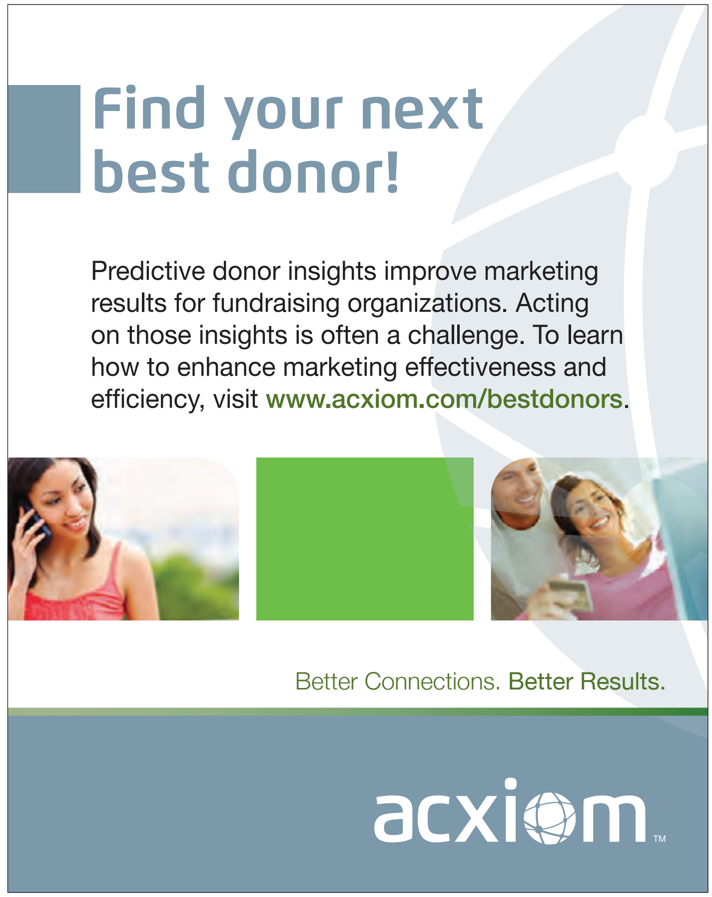

For more information, contact Erica at ewaasdorp@dmwdirect.com.

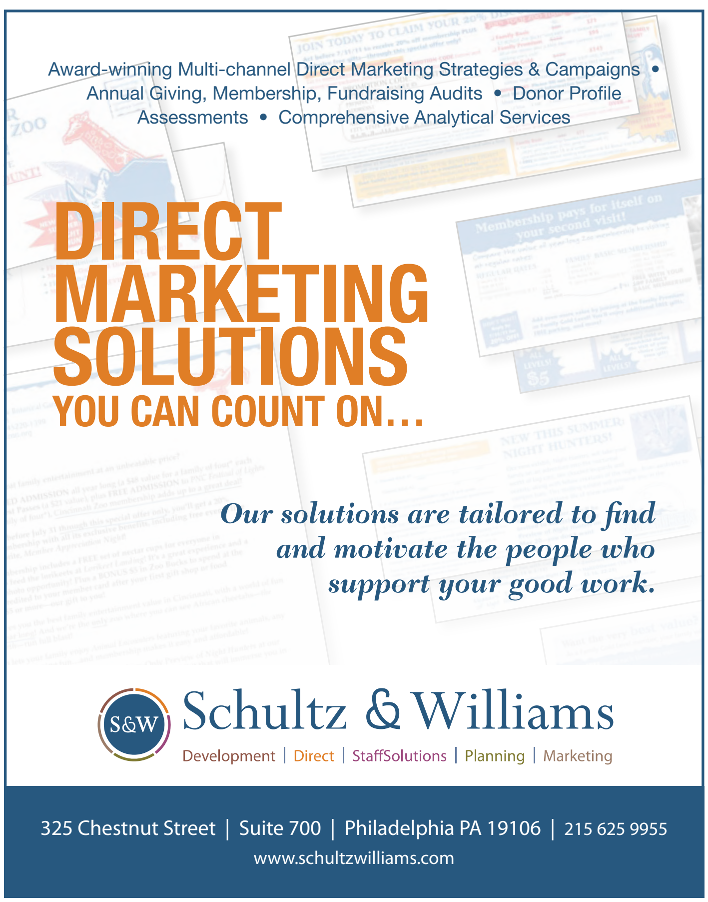

Production Solutions... Doing the hard work
for those who are doing the great work.
PRODUCTION
Solutions
www.productionsolutions.com
Marketing Solutions • Strategic Support • Innovative Execution


PENTERA
Modern Planned Giving Marketing
Think Traditional Planned Giving Marketing Doesn't Work?
You're right.
500+
45
0
Traditional Modern
Cornell University Response
Find out about Pentera's unique modern planned giving marketing.
Cornell did.
317-875-0910, ext. 251
www.pentera.com
info@pentera.com


OUR CLIENTS ARE CELEBRATING
GREAT RESULTS
Want to celebrate an innovative – more successful – approach for your direct marketing program? Contact us at greatresults@nnemarketing.com, or call us at 781-777-1951.
NNE Marketing
nnemarketing.com
Find us on:


Be A Direct Mail Superhero
Let us leap the tall buildings (schedules, postage, inks, personalization, etc.); you be the superhero.
pmgdirect.net
410.290.0667
pmg
Your cause. Our effect.℠
Serving nonprofits and their agencies since 1997.
The Production Management Group, Ltd.


Find your next best donor!
Predictive donor insights improve marketing results for fundraising organizations. Acting on those insights is often a challenge. To learn how to enhance marketing effectiveness and efficiency, visit www.acxiom.com/bestdonors.
Better Connections. Better Results.
acxiom™


Award-winning Multi-channel Direct Marketing Strategies & Campaigns • Annual Giving, Membership, Fundraising Audits • Donor Profile Assessments • Comprehensive Analytical Services
DIRECT MARKETING SOLUTIONS
YOU CAN COUNT ON…
Our solutions are tailored to find and motivate the people who support your good work.
S&W
Schultz & Williams
Development | Direct | StaffSolutions | Planning | Marketing
325 Chestnut Street | Suite 700 | Philadelphia PA 19106 | 215 625 9955
www.schultzwilliams.com

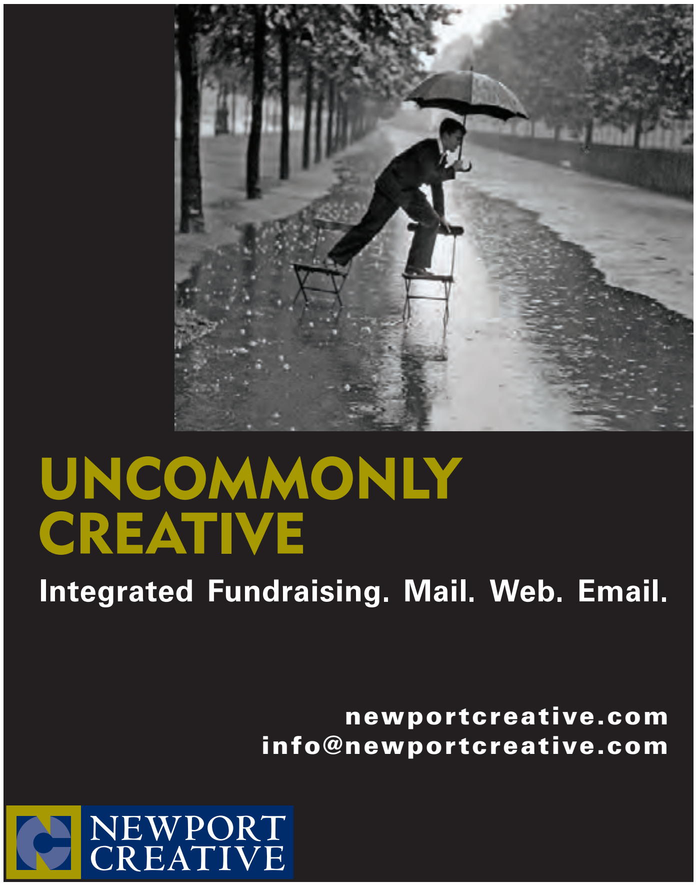

KEEP THE ROOTS OF YOUR CAMPAIGN - YOUR EMAIL DATABASE - HEALTHY
FreshAddress®
THE EMAIL ADDRESS EXPERTS
Services Include:
• Data Appending
• Email Change of Address (ECOA)
• Email Validation
• Email Scoring
Contact us:
sales@freshaddress.com
1-800-321-3009
www.freshaddress.com


SIGN UP FOR AMERGENT'S E-NEWSLETTER,

*i-fund* NEWS

AT FRIENDS.AMERGENT.COM/IFUND

OR SCAN QR CODE

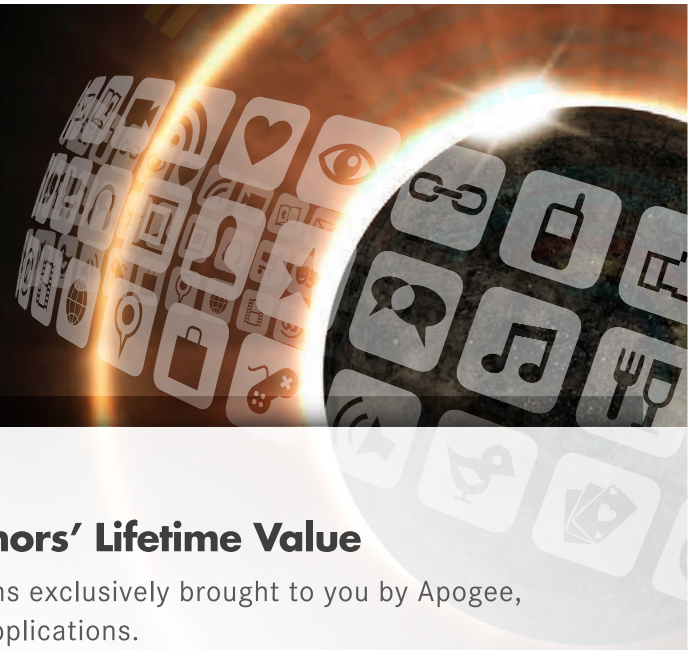

UNCOMMONLY CREATIVE
Integrated Fundraising. Mail. Web. Email.
newportcreative.com
info@newportcreative.com
NEWPORT CREATIVE


break through with
thelukenscompany
Bring new life to your fundraising program with a powerful multi-channel direct response marketing strategy. With over 25 years of delivering excellent results and service to a wide range of clients. We will help you break through the clutter and reach your constituents, no matter what.
To hear more about how we can help you with your next multi-channel campaign, please contact Alexis Forman Sabloff at 703-845-8484.
thelukenscompany
East Coast: 2800 Shirlington Road, 9th Floor | Arlington, VA 22206
West Coast: 837 Traction Avenue, Suite 404 | Los Angeles, CA 90013
www.thelukenscompany.com


CONNECT
with your
DONORS
paradysz
INTEGRATED MEDIA AND MARKETING
Strategy & Analytics | Business Intelligence | Media Planning
Direct Mail | Print & Insert | Creative
Web Development | Search
Display | Social | Email | Mobile
WWW.PARADYSZ.COM
NEW YORK - MINNESOTA - FLORIDA - CALIFORNIA - NEW JERSEY - SOUTH CAROLINA - ARIZONA - IDAHO

# Apogee

from Infogroup Nonprofit Solutions



## Maximize Revenue and Your Donors' Lifetime Value

Revenue and LTV growth is one of many solutions exclusively brought to you by Apogee, a multi-functional marketing tool with diverse applications.

## Solutions Available to Apogee Members

- Maximize revenue and lifetime value with high-value custom models
- Extend your reach with high-performance modeled universe
- Reactivate your lapsed donor population – no lapsed donor is too old
- Improve overall performance through merge / purge optimization
- Upgrade existing donors to mid donor, major donor, and planning giving status
- Grow streams of steady revenue by converting current donors to monthly givers
- Utilize package / offer-specific proprietary models
- Conduct true multichannel marketing campaigns
- Expand your universe through commercial list optimization
- Take advantage of highly aggressive pricing and net arrangements

**The only donor cooperative nurtured by fundraising marketing experts.**

For more information, contact:

**Matthew Frattura**

402.836.5527 | matthew.frattura@infogroup.com

infogroup®

NONPROFIT SOLUTIONS

www.infogrouptargeting.com/Apogee

Name

Organization/Company

Address

City | State | Zip Code

Email

Charge my: ❍ Visa ❍ MasterCard ❍ AmEx ❍ Discover

Card Number | Expiration Date

Signature

✓ **FAX** form to 202.628.4383 (do not email credit card information)

✓ **MAIL** form to Alicia Osgood, Director, Membership & Communications, DMA Nonprofit Federation, 1615 L Street NW, Suite 1100, Washington, DC 20036

✓ **MAKE CHECKS** payable to the DMA Nonprofit Federation.

✓ **DMA Nonprofit Federation Federal Tax ID Number: 13-1810859**

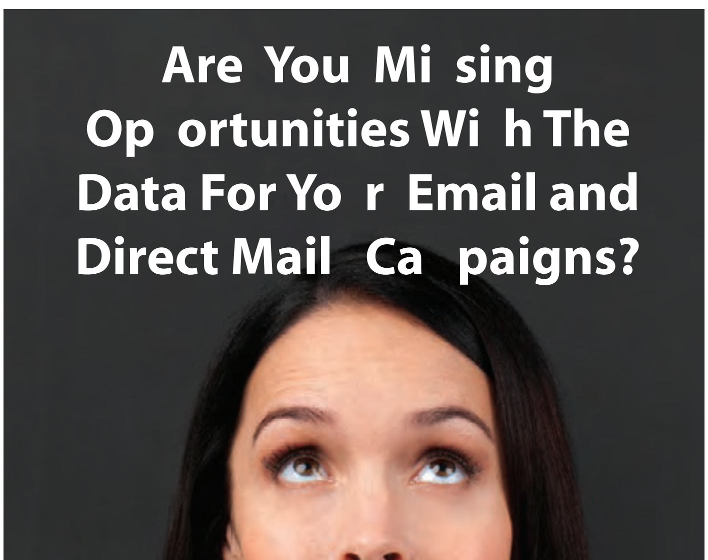
**The *Journal* – vital news for the nonprofit world!**

# SUBSCRIBE

## 1 year = 3 issues

## ONLY $35*

*No cost to members




**Utilizing our proprietary data processing systems, we can fill in those missing pieces and help increase response on your next direct marketing communication!**

**410.561.1500**
**mmidirect.com**

mmidirect
Our process. Your great results.℠

a member of The Production Management Group, Ltd. family


## Evaluating your agency relationships?

BKV is one of the largest independent, full-service direct marketing agencies in the U.S. We're smart, client-focused, recognized for big ideas and as passionate about our non-profit work as we are our for-profit business. Our clients expect accountable marketing programs and great creative that generate donations, develop loyal donors and build strong brands for the future. We are proud to deliver on all accounts.

- 32 Years Experience in Direct Response Fundraising
- Acquisition and Renewal for Direct Mail/Email
- Award Winning Creative
- Solutions to Grow Small, Middle and Major Donors
- Integrated Programs Across All Media Channels
- Strategic Planning and Implementation
- Cutting-edge Digital Marketing: SEO, Search, Social Media, Responsive Website Design, Mobile, Analytics, eCRM, Marketing Automation and More!
- iMAP: BKV's Interactive Marketing Action Plan evaluates and improves your site's usability and success

**Call 404-233-0332 or e-mail Rina Cook at Rina.Cook@bkv.com.**

direct. digital. driven.

3390 Peachtree Road, 10th Floor • Atlanta, GA 30326
www.bkvnonprofit.com • PH 404.233.0332 • FAX 404.233.0302