

The Planned Obsolescence of Donor Relations

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by PENELOPE BURK

In 1985, the global scientific community set a goal of mapping the human genome by 2015. In 1990, eager to see this pivotal project come to fruition sooner, Congress assigned \$3 billion to the effort.

Later, President Clinton exerted his trademark persuasiveness, getting for-profit and academic research scientists to work together rather than in isolated competition in order to get the job done. Cooperation and money resulted in the human genome being mapped by 2003, 12 years ahead of schedule, and \$3 million under budget.

Money can buy anything. Not happiness, you say? Then you might want to check out the myriad of studies correlating wealth with health, success, self-worth and, yes, happiness. Money is the catalyst that breeds innovation, that delivers innovation to market, that overcomes crises, that saves lives...and, equally important, that makes lives *worth* saving.

Consider the virtual epidemic that is Type 2 Diabetes. The Center for Disease Control said that 1.3 million Americans were diagnosed with the disease in 2002, bringing the number affected that year to 18.2 million. In 2002, the rate of diagnosis was 61% higher than in 1992 and, most troubling, the rate was increasing by 6% a year.

Apart from direct medical costs inherent in diagnosis and treatment (\$92 billion), Type 2 Diabetes cost an additional \$40 billion in 2002 in lost productivity, disability claims and premature mortality. Type 2 Diabetes is largely a preventable disease - preventable through education and healthy living, both of which are tied to money. Insufficient resources (money) being applied to the prevention of type 2 diabetes has resulted in the situation we face today.

In a world full of both overwhelming problems and awe-inspiring potential, money is the discrete advantage and fundraising the means to the end.

The central importance of fundraising to life and the quality of life makes it essential that raising money be as productive as possible. As Americans define themselves, in part, by their engagement in philanthropy, why has there been no growth at all in philanthropy as a percentage of GDP in the last 40 years? (*Giving USA, 2006*). Why, too do 71% of donors say they have much more money to give than they are currently offering through charitable contributions (*Donor-Centered Fundraising, Cygnus Applied*

Research)? Given that fundraising has developed in that same 40-year period into an industry that now costs \$50 billion a year to run, why is it not producing better results?

In the big picture, fundraising suffers from a malaise that is common among all industries - a reluctance to shift its beliefs and alter its practices fast enough to meet changing market dynamics. While there are many reasons for this lack of synchronicity between donors and fundraising methodology, one reason stand out among the others. (Note: the reference is to fundraising methodology, not fundraisers themselves, as fundraisers and donors are both victims of a system that is responding too slowly to change.)

The current system is not designed in a way that makes it easy to deliver what truly matters to donors. This is due, in part, to a misunderstanding about what motivates non-donors to give initially and existing donors to give again. A non-donor is largely influenced to make a first-time gift by the organization's brand and by luck of timing. Once she has made that first gesture, however, the "interested outsider" no longer exists.

Regardless of the value of her first gift, the new donor is now an investor and, as everyone knows, an investor seeks return on that investment. Not realizing that the donor's criteria have changed, however, the fundraising system follows a successful acquisition appeal with a similar renewal request, referencing the organization in general terms and offering no investment/return information. As fundraising profit is built through donor renewal and gift value growth and not by acquiring more new donors, high donor attrition causes fundraising underperformance.

For already acquired donors, the things that influence their decision to give or not give again happen in the space between solicitations, not at the point of asking for a gift. That is why so many donors say that , once acquired, meaningful acknowledgement and measurable information *become* the ask; solicitation merely the convenient point in time to offer the already-determined "yes" or "no".

That stretch of time between solicitations is the domain of donor relations professionals, making the work they do, by extension, the critical determinant of fundraising success. Assessing whether fundraising works for donors, then, means examining stewardship.

What, then, preoccupies the time and budget of fundraising professionals working in donor relations? Cygnus' latest national research study found that only 27% of stewardship officers' and managers' time was being applied to functions that donors say are essential.

Another insight into stewardship functions and donors' priorities can be found in questions posted to the donor relations listserv managed by the Association of Donor Relations Professionals (www.adrp.net).

Far more queries are made about donor recognition (gift clubs, publishing donors' names) than about communicating measurable results on gifts at work. Meanwhile, donors themselves say that communication far outweighs recognition in its ability to impact their retention and gift value. In the last six months, fewer than 30% of topic questions posted to the listserv related to issues that positively influence fundraising success.

Most telling, though, are the answers to two questions on donor communication posed to fundraising practitioners in our 2000 and 2003 surveys: "How do you communicate with donors?" and "What do you feel is effective in communicating with donors?" respondents answered these questions quite differently.

"Inviting donors to special functions" (such as donor recognition events and on-site visits, for example) and "sending holiday/birthday greeting cards" scored highest on functions employed, whereas "calling donors to thank them for gifts" and "corresponding with donors when not asking them for money" received top marks for effectiveness.

When asked, "Why are you not focusing your priority time on functions you feel are most effective?", respondents gave many answers; but the common theme was feeling trapped or controlled by the fundraising system rather than being able to shape that system to work better for donors (and for themselves).

If everything other than asking for a gift *could* be defined as stewardship, the how does the overburdened practitioner prioritize his duties? What is donor relations? A Google search of the phrase produces a long list of NFP websites and a myriad of definitions, but these types of descriptions are commonplace: "donor relations supports development activities through gift processing and receipting." or "Donor relations maintains and cultivates relationships ...by providing appropriate donor recognition".

These definitions miss the point. In fact, donor relations is the art of cultivating interactive relationships with donors for the purpose of influencing donor retention, raising gift values and increasing the pace at which donors maximize their giving. This clear and measurable definition still allows for an unending list of possible job functions, however. Thank goodness, then, that donors themselves are specific about what they actually want.

Eight years of research and testing through national studies and with individual clients have concluded every time that donors' indefinite retention and the upward movement

of their gift values is influenced by prompt, personal and meaningful acknowledgement (both of their gifts and of themselves as donors) and measurable results on their gifts at work. In our most recent national US study, 87% of respondent donors confirmed that these things, with no additional considerations, impact their decision to stay loyal and make more generous contributions.

But, development departments and not for profits cannot rely solely on their stewardship personnel to fulfil donors' specific needs. For example, measurable results can only be provided if the CEO and the Board have a strategic plan in place, with time-limited and specific objectives against which results can be measured. Meaningful acknowledgement of gifts means that at least occasionally someone other than the stewardship officer takes the time to say thank you to a donor.

Effective communication requires the cooperation of programs and services personnel in sharing information and in articulating what they do in ways that are meaningful to donors. And, knowing what does and does not work for donors requires development directors and managers to demonstrate flexibility with fundraising programs and priorities in order to meet the changing needs of donors.

In the most successful organizations, donor relations (or customer service) is not something that is handed off to some staff and defined as a limited set of functions. Effective donor relations is an organizational philosophy, advocated by decision-makers and practiced by everyone.

In the last few years, the number of donor relations professionals has grown tremendously; as well, a society just for them has emerged and industry conferences devoted to this side of the business have grown. But, this seemingly positive focus serves to isolate stewardship as a discrete function and add one more operational "silo" to an already segregated industry.

The fundraising industry and the not for profit sector will know when donor relations is really working well for donors. That will be when there is no one left in the industry with the title of "donor relations" or "stewardship". While attention on donor relations is important in order to understand how to work most effectively, making donor relations obsolete as a function should be the goal.

Donor relations practitioners do not need to fear, however. Planning the obsolescence of stewardship will not lead to your unemployment. Quite the contrary. With your critical knowledge, experience and perspective, you will be uniquely qualified for the position of CEO. To my friends and colleagues in donor relations...welcome to your future. ~



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