

Foundations of Solid Fundraising and Growth

Roger Craver



Philanthropy Day 2017

FLASH
PHILANTHROPY

INVESTOR-DRIVEN
FUNDRAISING

STUDENT
LOAN BURDEN

INSTITUTIONAL
MISTRUST

CROWDFUNDING

DEMOGRAPHICS

UNDISCOVERED
CHANNELS

UNKNOWN

MISSION
COMPETITION

INNOVATION



“... American donors are more valuable to American nonprofit organizations than the organizations are to the donors.”

-- Vital Signs, Blackbaud Institute,

October 2017



It ain't what you don't
know that gets you into
trouble. It's what you
know for sure that just
ain't so.



Mark Twain

American Author and Humorist

(1835-1910)

QuoteHD.com





I think.

I KNOW.



Overcoming the Risk of the Status Quo



STATUS-QUO

- Stop making easy excuses. Stop guessing. Challenge proverbs. Seek the facts.
- Know your potential. Where is there room for improvement?
- Start with your business practices. Are they the “best”?
- Get better at making the case for long-term investment
- Collaborate more – especially on research
- Consider outsourcing
- Stop chasing the next greatest idea, focus on execution



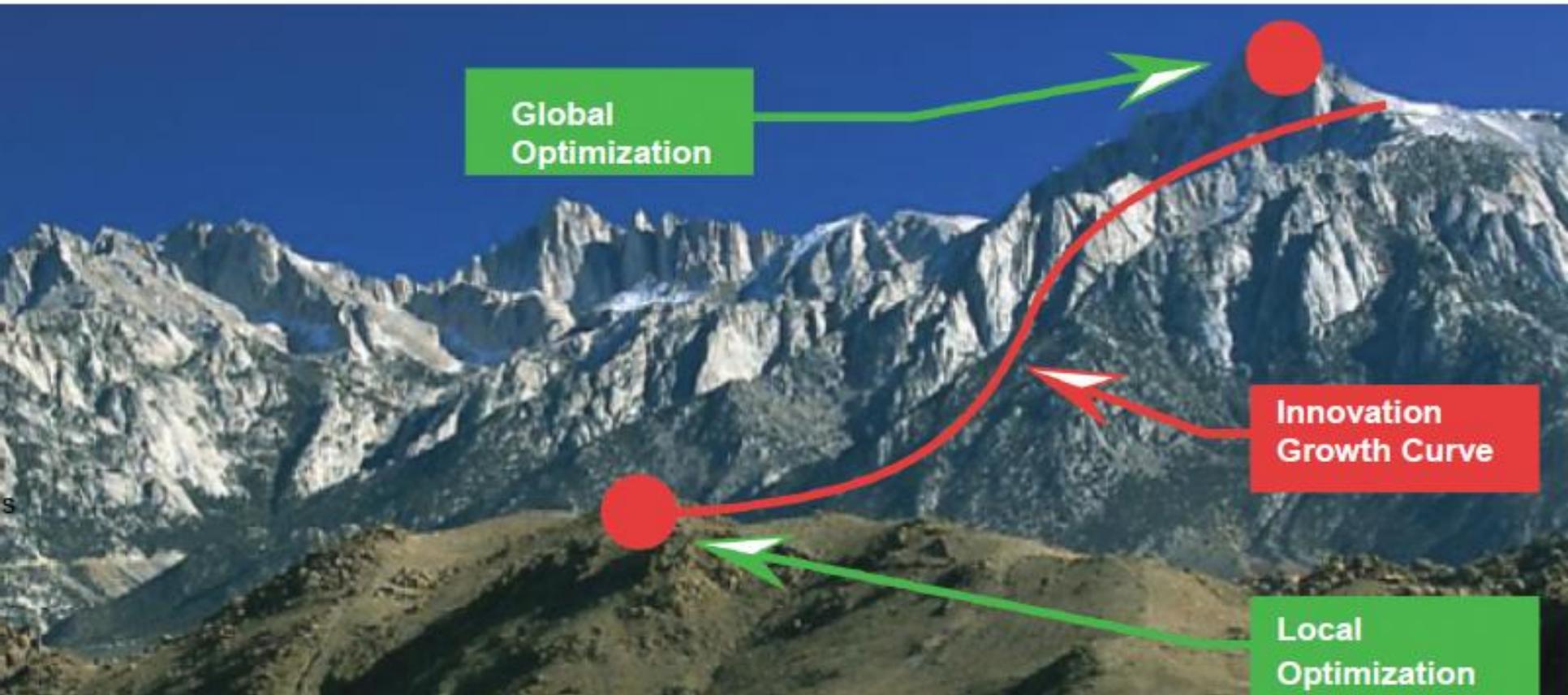
Now Appearing in the Center Ring...



- Understanding what makes for growth
- What is strategy?
- Mindsets, Methods and Metrics for Growth
- Key Performance Indicators that Clarify and Matter
- Feedback—The Secret Engagement Weapon



Local vs. Global Optimization



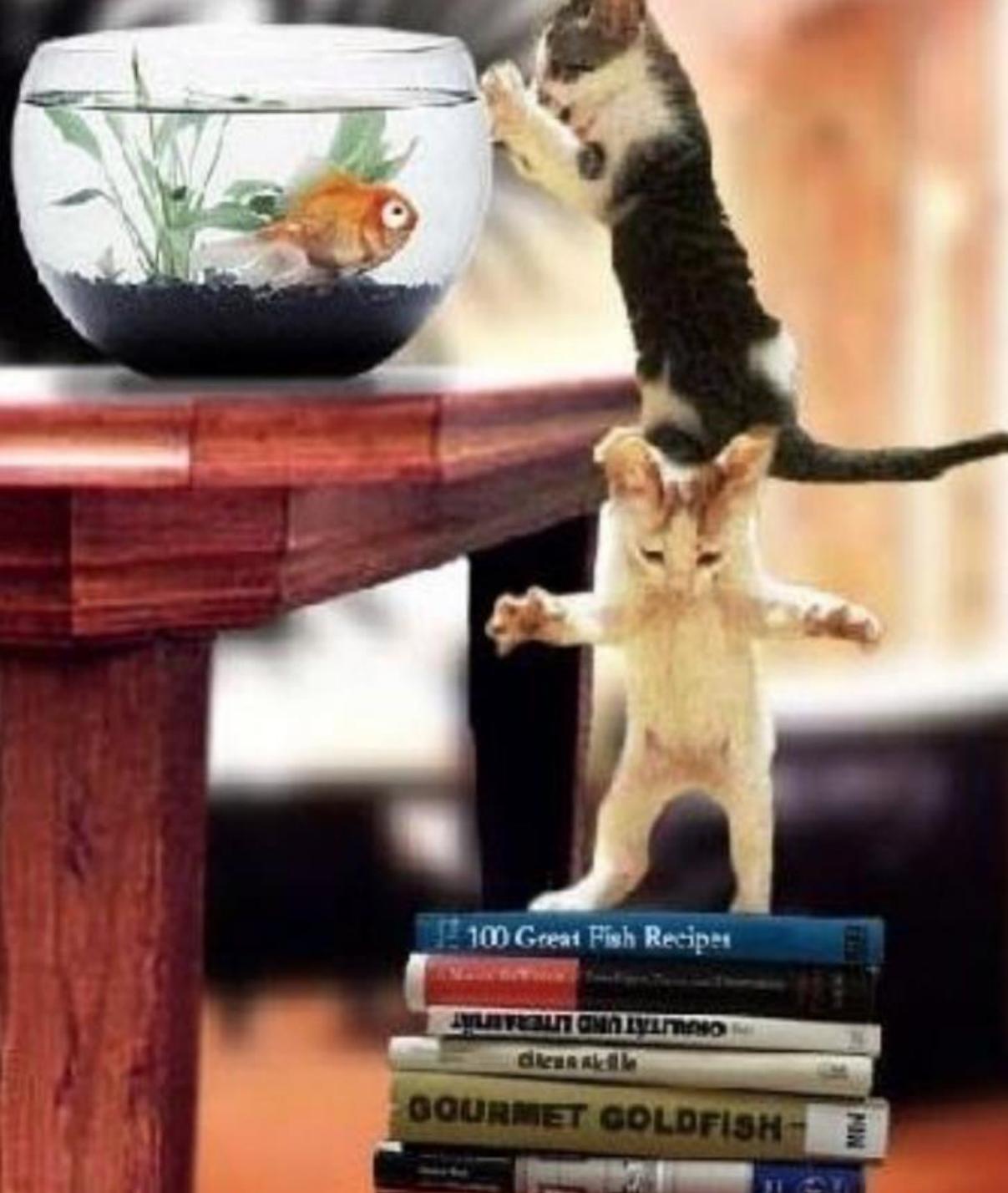
**Only real growth comes from moving
from foothills to mountain top.
From local optimization to global.**



3 Main Takeaways on Growth

- Most organizations are living in the foothills with approach to doing business that offers little sustained growth potential.
- Only way to grow is with a very different approach to doing business—global optimization—producing 2 to 4 times current income
- 3 strategic alternatives. Explicit choices every nonprofit must make:
 - “Head down”
 - “Finger in the air”
 - “Climb mountain”



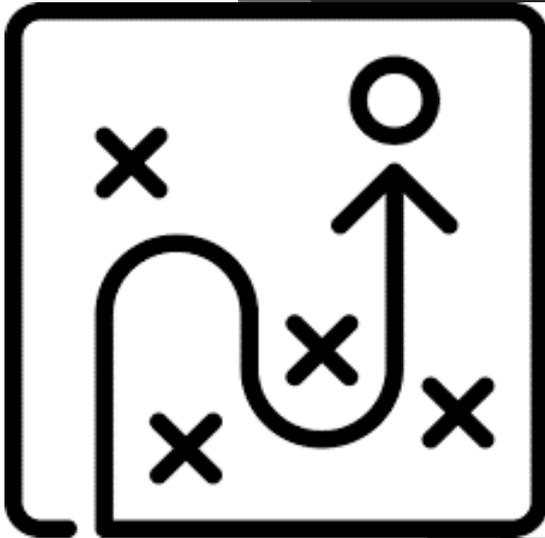


What is Strategy?

- Why important
- What it's *NOT*
- What it looks like



What Strategy Looks Like



- About assumptions and explicit choices—Briefly— in 1 page.
- If not clear, concise and focused, chances are it is a forecasting and prognostication exercise
- Small bets. Choices made and not made. Assumptions spelled out.
- Monitoring performance of small bet and modifying course or abandoning it altogether
- Articulation of the 2 or 3 choices available to solve a problem (e.g. falling retention rates, lousy uptake on sustainer giving offer) or achieve a goal
- Of those assumptions which fits best with what you do-- increases chances of success
- Increasing chance of success not the same as reducing risk
- **If there is no risk, there is no strategy. If you feel comfortable, there is no strategy.**

Strategy Rules Of The Road

Foothill Organization

1. Mostly a spreadsheet exercise. Tomorrow's plan looks like yesterday's
2. Perpetuate Status Quo ←
3. Short term comfort ←
4. A/B Testing of incremental changes
5. Uses only transactional data; ignores attitudinal data. Focus on correlation, not causation
6. Efficiency over effectiveness ←
7. "I think" or "I like" decisions vs testing hypotheses
8. Organized by functional area. Uses same old team or replaces existing team with clone
9. Internally generated ideas.
10. Large, unmanaged bets
11. Thinking transactional data; never answers "why" question
12. Lack of focus and prioritization ←

Mountaintop Organization

1. Forces choices of what to do and what not to do. ←
2. Clear. Concise. Focused.
3. "I know" decisions or testable hypotheses
4. Plan by desired donor journey or experience
5. Plan based on donor insights
6. Modeling on predicted value for selection
7. Using attitudinal data combined with transactional
8. 80/20 Rule ←
9. Small bets. Explicit choices. Focuses on what organization does well.
10. Chooses whether to turn right or turn left. Not both.
11. Understands that increasing chances of success is not same as reducing risk ←
12. If no risk, no strategy. ←
13. Not about "failing a whole lot." That's called failing.



Different Mindsets

Foothill Organization

1. Accepts and perpetuates status quo
2. Thinks doing same thing in new channel (e.g. adding 'online' or 'social' in addition to direct mail channel) is innovation
3. Senior leadership content with status quo
4. Territorial mentality among staff and partners
5. Is interested in 'new' as long as it's proven
6. Believes donors are born, not created
7. Relies almost exclusively on transactional data
8. Invests too heavily in acquisition; too lightly in retention

Mountaintop Organization

1. Realizes big change is only scary if it ignores risk of the status quo.
2. Fears organization is living in the foothills
3. Creates mindset that status quo is not OK
4. Senior leadership demands change
5. Looks for subject matter experts, not "turn-key" generalists
6. Plans by desired donor journey/experience based on donor insights
7. Uses attitudinal data combined with transactional data
8. Invests in building long-term value



Different Methods

Foothill Organization

1. Uses only transactional data; ignores donor attitudinal data
2. A/B testing of incremental changes
3. Efficiency over effectiveness
4. Same old team or replaced with clones
5. Tomorrow's plan looks like yesterday's
6. Organized by functional area
7. Ignores donor attitudes

Mountaintop Organization

1. Links attitudinal data to transactional data
2. Out of the incremental testing business.
3. "Big" change is seen as only "big" from the foothills
4. Builds teams who are not zero-sum thinkers
5. Develops hypotheses and separates "what we think" from "what we know"
6. Subject matter experts focused on meeting goals
7. Collects and acts on donor feedback at key interaction points



Different Metrics

Foothill Organization

1. Campaign level. E.g. year-end appeal, annual fund, annual renewal campaigns
2. Highest Previous Contribution, Most Recent Contribution
3. Response rate viewed as highly important
4. Average gift used as basic measure of success

Mountaintop Organization

1. Steers by longer term metrics
2. Understands dangers and limitation of campaign level focus
3. Lives and acts by leading, not lagging, indicators
4. Fully aware that what gets measured gets managed



KPIs That Clarify

- Financial
- Operational
- Donor



KPI's: Overview

- KPIs are, too often, a crutch.
- If easy to measure and count we “metricize” it
- KPIs exist to reduce the complexity of organizational performance not confound it.
- Pick 3. One per type.



Lifetime Value (LTV)



Campaign ROI



Commitment



ROI

- At campaign level consider this an efficiency metric.
- How do we increase the efficiency of a campaign?
 - Revenue, which is conversion rate and ask amount
 - Cost.



Lifetime Value

- Don't overthink it. Function of,
 - **Revenue**
 - **Cost** (acquire and service) and
 - **Time on file** (i.e. churn/retention)

- Use this to steer and scenario planning – “what if” analysis.



Note: If you're interested in pursuing I'll send you a LTV Calculator prepared by Luca Schippa for 101 Fundraising. Please remind me.



INVESTING IN DONOR VS. CUSTOMER ACQUISITION

What Would Your Board Say?

- Organization "A" spends \$24.30 for a first time gift of \$5.90 for a loss of \$18.40
- Organization "B" spends \$250 for a first time gift of \$110 for a loss of \$140
- Organization "C" spends \$320 for a first time gift of \$199 for a loss of \$121

The Power of Lifetime Value

Investment:

\$18⁴⁰



Return:

\$14,090

Over 20 Years



Donor Commitment



2016 Donor Gain/loss



For every **100** donors gained, **99** were lost through attrition.

Data Source:
Fundraising Effectiveness Project
2017 Survey Results



All Rights Reserved. DonorTrends.

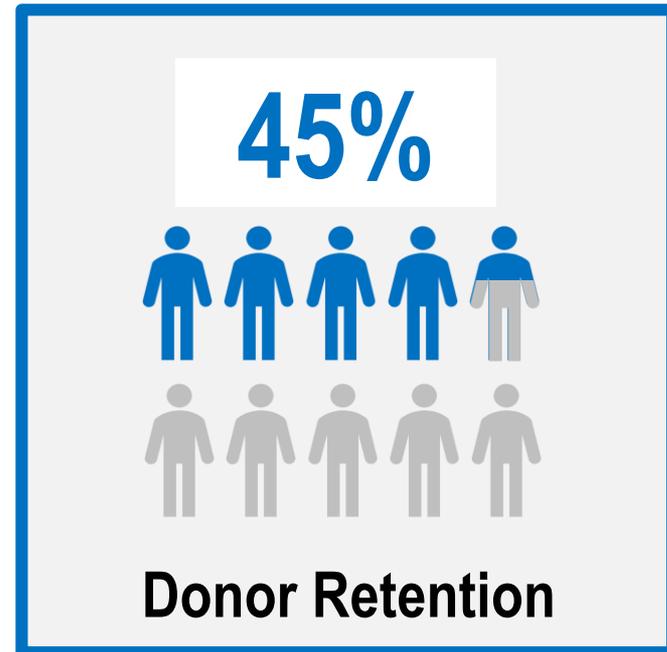
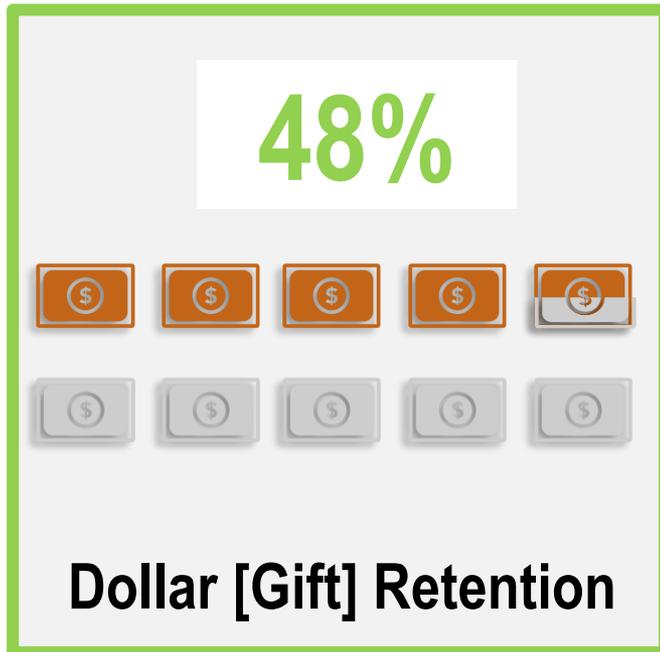
2016 Revenue Gain/Loss



**\$100 gained
was offset by
\$95 in losses.**

Data Source: Fundraising Effectiveness Project 2017 Survey Results

DOLLAR and DONOR RETENTION



Data Source: Fundraising Effectiveness Project 2017 Survey Results

All Rights Reserved. DonorTrends.

8 reasons why donors quit

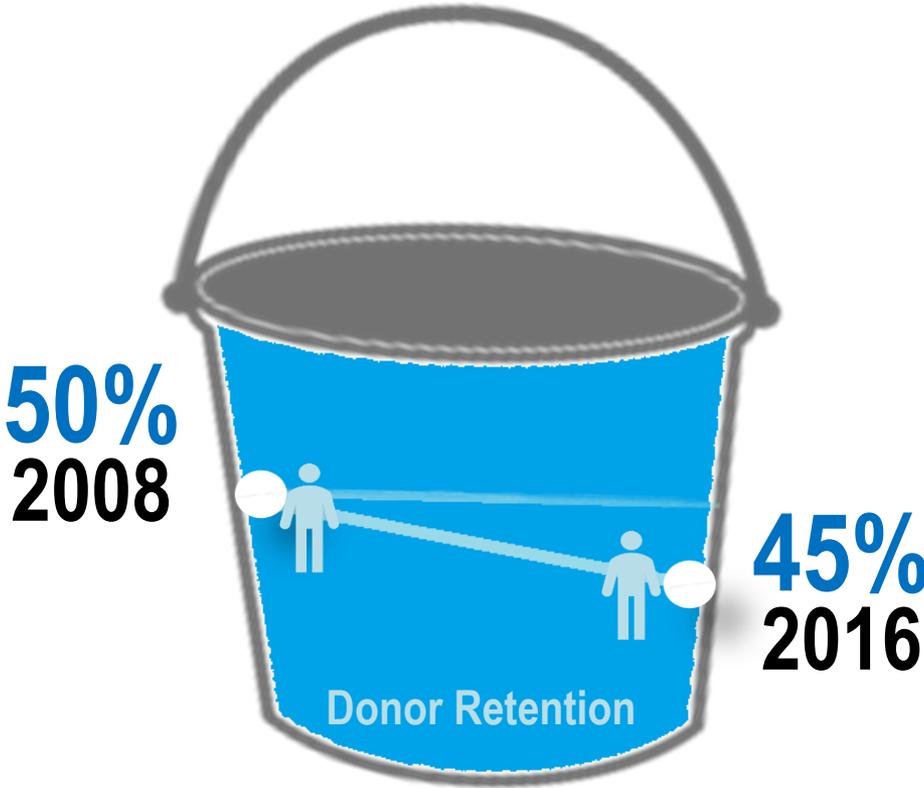
- 5%- Think charity doesn't need them.
- 8%- No information on how contributions were used
- 9%- No memory of supporting the organization
- 13%- Never got thanked for donating
- 16%- Death
- 18%- Poor service or communication
- 36%- Others more deserving
- 54%- Could no longer afford

With the exception of death and personal finances every one of the reasons why donors stay or go is within control of your organization!

As soon as you understand and act on this, your retention rates will begin to rise.



Donor Retention 2008 - 2016



Donor and retention rates have consistently been weak -- averaging below 50%.

Data Source:
Fundraising Effectiveness Project
2017 Survey Results



All Rights Reserved. DonorTrends.



Think About It....



- You have less than a 2% chance of obtaining a gift from a prospect.
- A 20%-40% chance of obtaining a gift from a recently lapsed donor.
- BUT...a 60%-70% chance of obtaining an additional gift from an existing donor.



Importance of Donor Attitude



It is the donor's *attitude* that causes the donor's *behavior*

AND...It is the *actions of the organization* that influences the donor's attitude positively or negatively.

Consistency + Reliability = TRUST

Trust is the keystone of all human relationships. Without it there is no commitment/loyalty.

Donor attitude commitment/loyalty can be measured AND the positive and negative actions of the organization can be identified.

Until you understand how your actions affect the donor's feelings toward you you'll be in a constant guessing game about how to plug your leaky bucket.



Donor Commitment:

The true measure of loyalty and likely, future behavior.

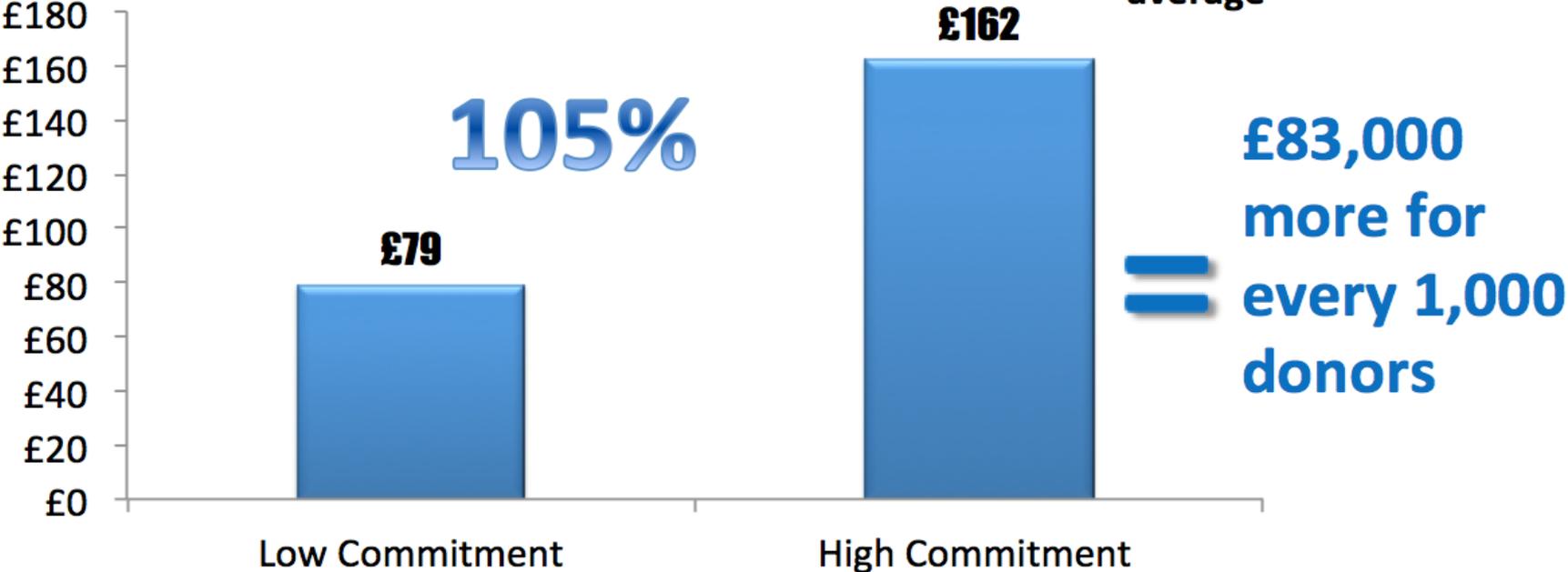
On a scale of 0 to 10, please indicate how much you agree with each statement with "10" being "strongly agree" and "0" being "strongly disagree".

	Strongly Disagree, 0	1	2	3	4	5	6	7	8	9	Strongly Agree, 10
I am a committed Audubon donor	<input type="radio"/>										
I feel a sense of loyalty to Audubon	<input type="radio"/>										
Audubon is my favorite charitable organization	<input type="radio"/>										



Importance of Increasing Commitment

■ 3 year giving average



Source: U.K. Donor Study 2014



How Experiences Group Together in Minds of Donors

COMMUNICATIONS

Sending information that makes me glad I support it
Sending information that shows who is being helped
Keeping me informed about how organization is getting results
Sending information that reflects my specific interests

RELIABLE EXPERIENCE

Knowing what to expect when I interact with the organization

MISSION EFFECTIVENESS

Knowledge of issues they are focused on
Using donations ethically
Effectively trying to achieve their mission

TAXES

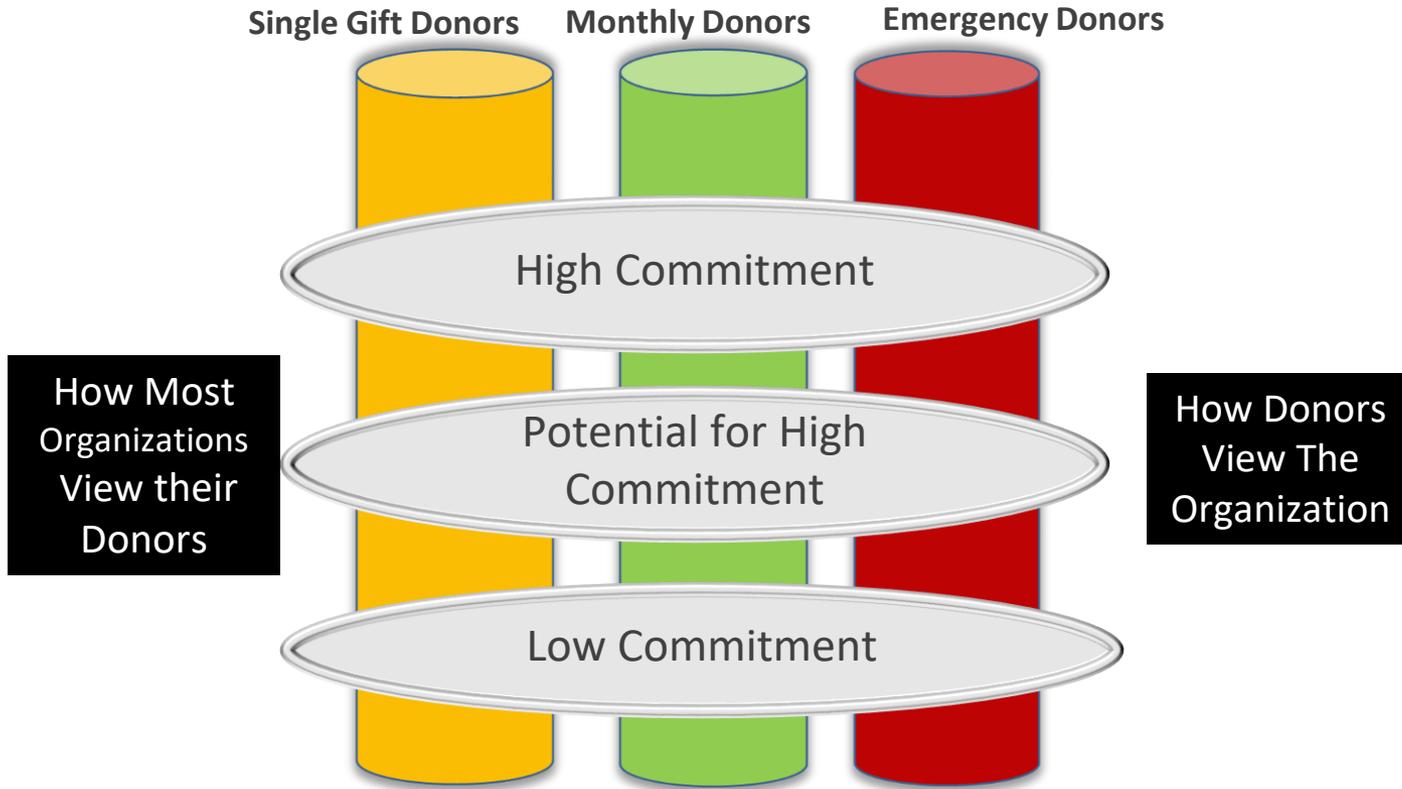
Explaining the tax benefits of your donation

THE ASK

The frequency of requests for donations
Asking you for appropriate donation amounts



Your Donors Don't Fit In Your Silos



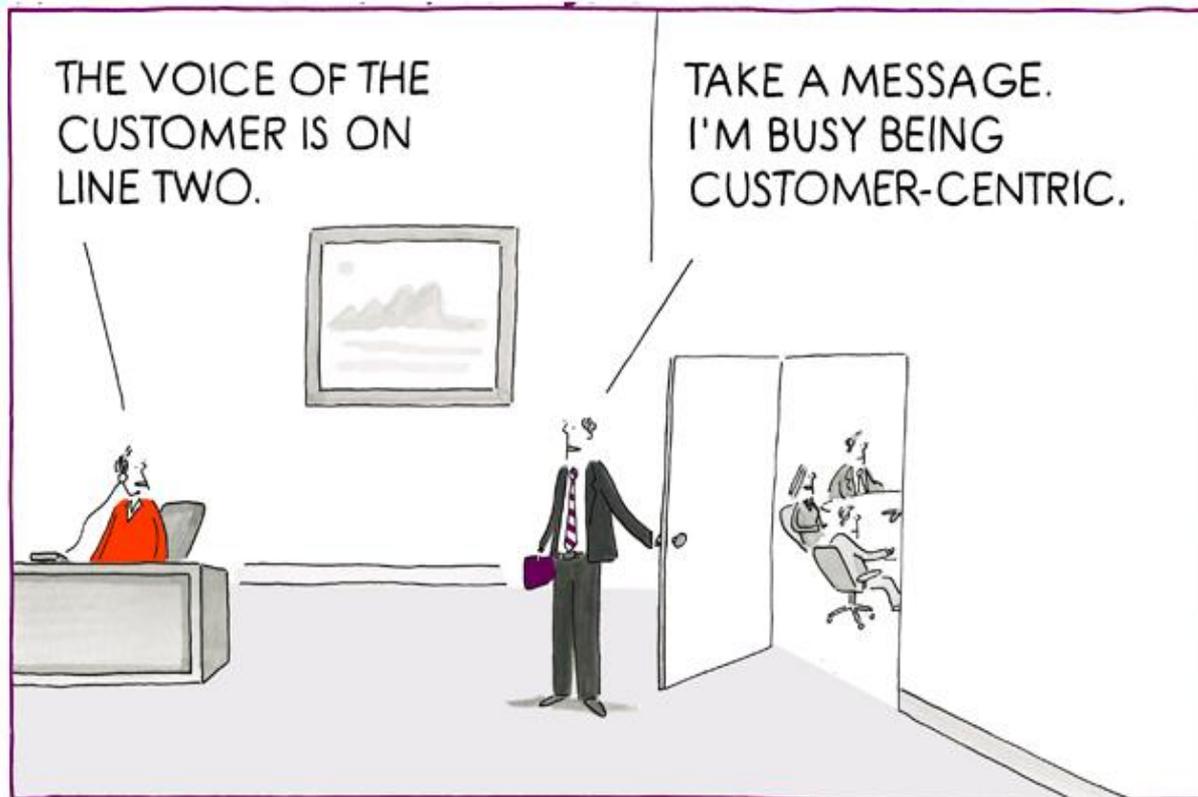
Ask the Question:

What, under our control, might impact how the donor feels about us?

- **Marketing/Communications**
- **Fundraising**
- **Donor Service**
- **Operations**

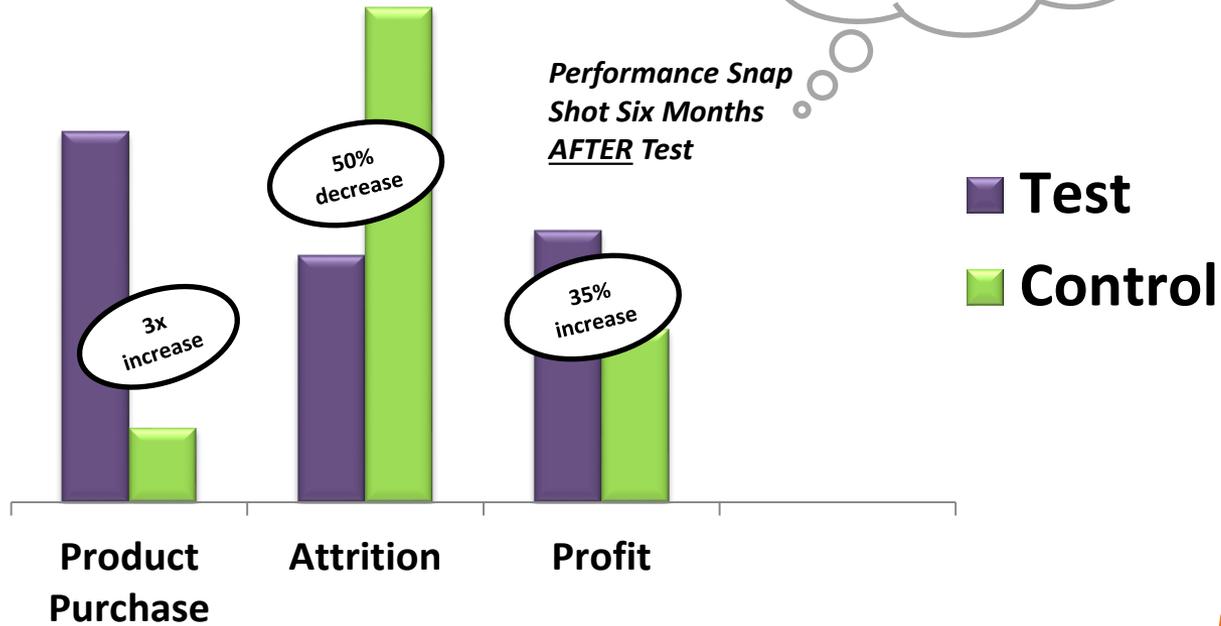
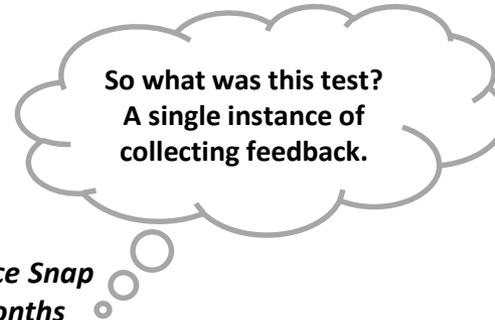


The Silver Bullet: Listening to Your Donors

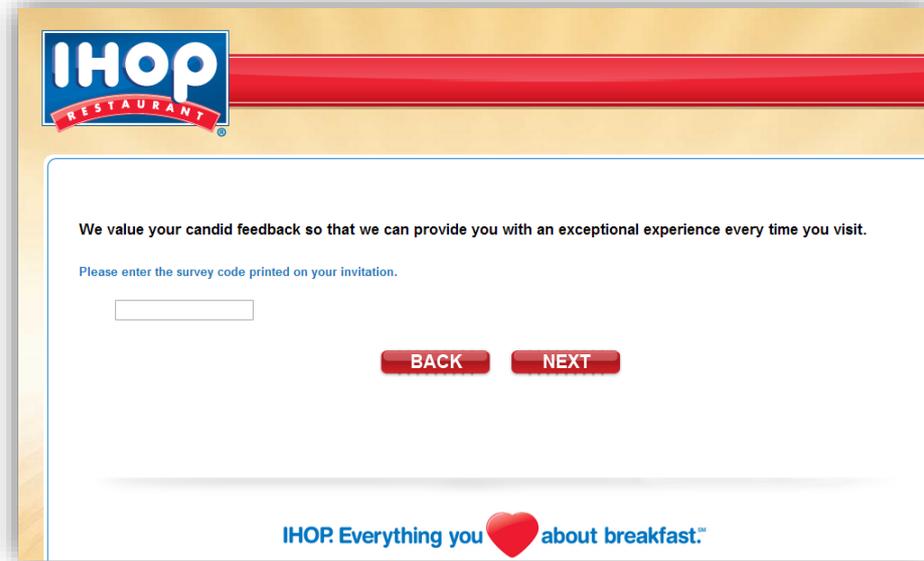


Why Bother?

- The act of providing feedback changes behavior
- If there was ever a silver-bullet, this is it.



Commercial World is Different Only by Virtue of Mindset



The image shows a screenshot of an IHOP survey form. At the top left is the IHOP logo with the word 'RESTAURANT' underneath. Below the logo is a red horizontal bar. The main content area has a white background with a thin border. It contains the following text: 'We value your candid feedback so that we can provide you with an exceptional experience every time you visit.' followed by 'Please enter the survey code printed on your invitation.' and a text input field. Below the input field are two red buttons labeled 'BACK' and 'NEXT'. At the bottom of the form is the IHOP slogan: 'IHOP. Everything you  about breakfast.™'

**Does IHOP care
more about its
customers than
we do about our
donors?**



CRM, Traditional Fundraising View of 'Donor Experience'

DONOR ID #: 34567

ACQUISITION:

- Inception Date: 2/17/13
- Gift Amount: \$25
- Campaign: Jan '13 ACQ Effort #1

PROMOTION HISTORY:

- Welcome Package
- 20 Subsequent Mail Appeals

SUBSEQUENT 2-YEAR GIVING HISTORY:

- \$25 on 7/17/13
- \$25 on 10/14/14

Lifetime Value = \$75

DONOR ID #: 34568

ACQUISITION:

- Inception Date: 2/17/13
- Gift Amount: \$25
- Campaign: Jan '13 ACQ Effort #1

PROMOTION HISTORY:

- Welcome Package
- 20 Subsequent Mail Appeals

SUBSEQUENT 2-YEAR GIVING HISTORY:

- N/A

Lifetime Value = \$25



Two Donors, Same Action, Different Experience



Gertrude's (Donor 34567) experience giving online:



Mabel's (Donor 34568) experience giving online:



Collecting Feedback After Online Giving Experience

PROJECT HOPE
Delivering medical supplies

Home | Contact Us

Home | What We Do | Where We Work

THANK YOU

You've just done 100 times more good in the world.

Thank you for giving to Project HOPE. Each time you give to Project HOPE, you're helping to rush medical supplies deep into poor communities. It's always wonderful to hear from you for caring. And now, thank you for giving 50 times, even 100 times more good in the world.

[Please click here to give us feedback about your donation experience](#)

PROJECT HOPE
Questions marked with a * are required

Your Feedback is Important to Us. Thank you.

Contact Information

First Name * :

Last Name * :

Email Address * :

On a scale of 0 to 10, please indicate how much you agree with each statement with "10" being "strongly agree" and "0" being "strongly disagree".

	Strongly Disagree, 0	1	2	3	4	5	6	7	8	9	Strongly Agree, 10
I am a committed Project HOPE donor	<input type="radio"/>										
I feel a sense of loyalty to Project HOPE	<input type="radio"/>										
Project HOPE is my favorite charitable organization	<input type="radio"/>										

Overall, how satisfied were you with your website visit?

Very Unsatisfied

Unsatisfied

Neutral

Satisfied

Very Satisfied

Was the online donation process quick and easy?

Yes

No

What can we do to improve it?

Is there anything else you'd like to share with Project HOPE today?

There is no more important "ask" or conversion goal at this point in the journey.

Your ROI and fundraising success depend on knowing if this is Mabel or Gertrude.



Your Free (Forever) Philanthropy Day Premium

Frankly, installing this (free, forever) widget on your website (somewhere or everywhere) is the safe choice. Pretending like the complaints and compliments and opportunities to delight your donors don't exist — i.e. the status quo — is the huge risk.

The Agitator

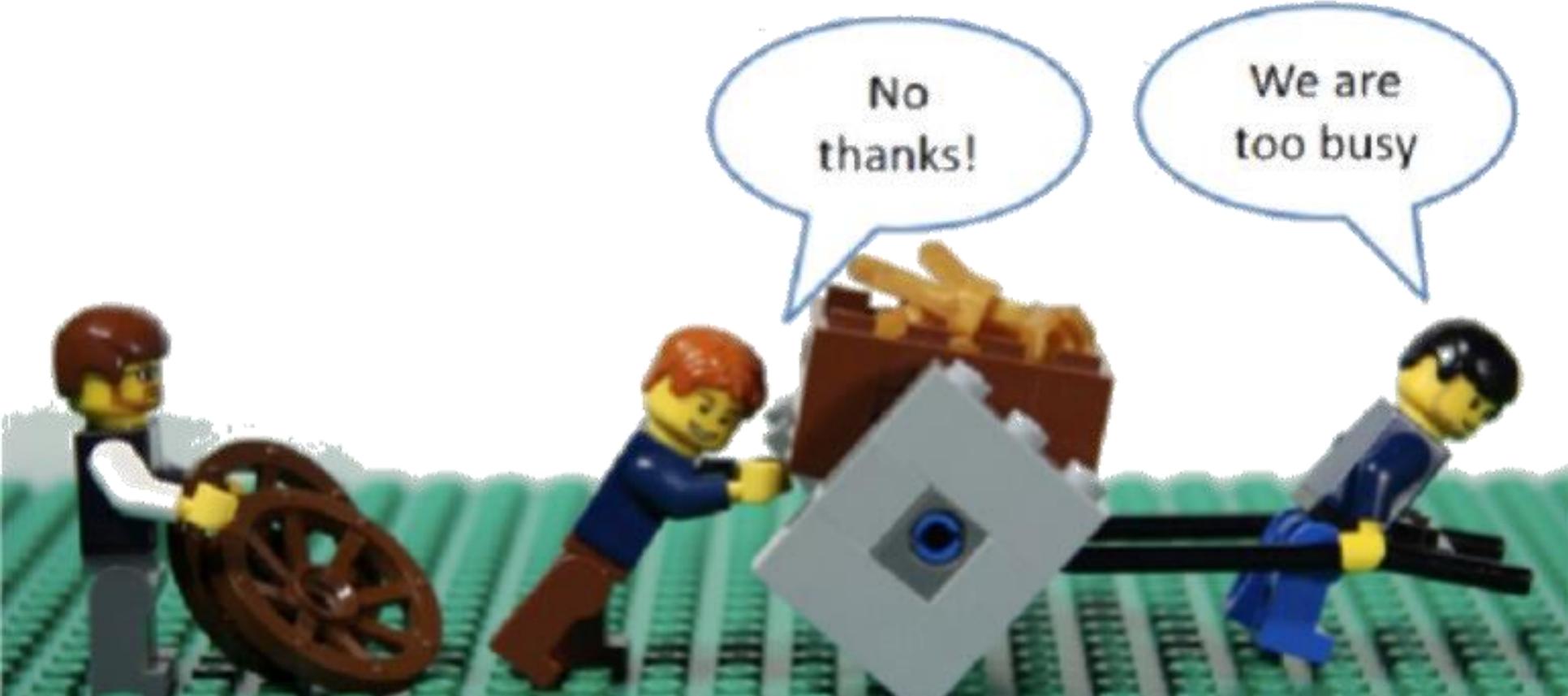
The image displays the DonorVoice feedback widget interface. On the left, a screenshot shows the 'DonorVoice' header and a 'Start Listening, Engaging and Converting in 3 Easy Steps' section with three numbered steps: 01 Listen, 02 Engage, and 03 Convert. Below this is a 'Donor Feedback Widget' section with a 'Yes' button highlighted. On the right, a screenshot shows the 'mydonorvoice Feedback' form with fields for 'First Name', 'Last Name', and 'Email', followed by a series of Likert scale questions. Below the screenshots is a sample email from 'mydonorvoice@gmail.com' with the subject 'Thank you for responding to our website survey'. The email text reads: 'Thank you for responding to our website survey we value your opinion and willingness to share it with us and we are grateful for anything to help us improve our website. We are committed to help you improve our website by better managing the experience that donors have and whether they don't like it or not. We are committed to help you improve our website by better managing the experience that donors have and whether they don't like it or not. Again, thank you for your time and input. And please stay connected with us as we continue our commitment to help you improve our website by better managing the experience that donors have and whether they don't like it or not.' The email is signed 'Sally' and 'sally@mydonorvoice.com'.

The image displays the 'Commitment Feedback Widget For Non-Profits' interface. At the top, it says 'Want more ROI from your website? Listen, Engage, Convert'. Below this is a video player showing a website. To the right of the video player is a 'Did we mention this is all automated, FREE and takes just minutes to setup?' section with a 'Get Started Now' button. Below the video player is a 'How it Works' section with three numbered steps: 01 Listen, 02 Engage, and 03 Convert. Below the 'How it Works' section is a 'Start Listening, Engaging and Converting in 3 Easy Steps' section with three numbered steps: 01 Listen, 02 Engage, and 03 Convert.

Read about it at:
www.theagitator.net



Are you too busy to improve?



Thank You and Some Key Resources

www.TheAgitator.net

www.TheDonorVoice.com

www.SOFil.org

Please feel free to contact me with questions at:

Roger@theAgitator.net

@agitatoreeditors

Skype: RCraver

AND...of course...

