

Capital Area Chapter of AFP

# Keep Your Donors: Donor Retention Made Fool Proof

Thursday, March 22, 2012 | Football Stadium Addition, Spartan Club  
Michigan State University Campus, East Lansing, Michigan

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## **Part 1 – Donors, Not Money. Yes, Really.**

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## **Part 2 – Love Thy Reader: The Science and Secrets of Highly Profitable Donor Communications**

Tom Ahern, ABC, Ahern Communications, Ink., [www.aherncomm.com](http://www.aherncomm.com)

Handout for Joyaux session begins on the next page of this document. Handout for Ahern session is a separate PowerPoint handout.

Ahern and Joyaux co-wrote *Keep Your Donors: The Guide to Better Communications and Stronger Relationships* (2008), considered a standard in the field. Each of them has written other books. They both have active websites and free e-newsletters.

Joyaux and Ahern often present at the same conferences and locations – but not always. It's fun to be in East Lansing – and especially at MSU – Simone's alma mater. Her dad, Georges, was a professor here at MSU. And while here, Simone and Tom are visiting with Jane, the mom and mother-in-law. Yes, Simone and Tom are life partners.

Capital Area Chapter of AFP – Keep Your Donors: Donor Retention Made Fool Proof

## **Donors, Not Money. Yes, Really.**

Simone P. Joyaux, ACFRE, Joyaux Associates

### **Session description and key topics**

Donor loyalty is the holy grail of fundraising. First, keep the donors you have. Then find new ones.

Here’s the truth: Donors give *through* your organization to achieve their own desires, to fulfill their own aspirations. Do you think your boss and board understand this?

Sadly, the state of fundraising is pretty bad. Year-on-year donor retention rates are scandalously low. Worse yet, the majority of newly acquired donors flee after their first gift. And it costs 10 times more money to acquire a new donor than it does to keep a current one.

But there’s good news. You can fix this. Yes, indeed.

How? By creating a donor-centered organization that happily and cheerfully executes a comprehensive, integrated relationship-building program. And that relationship-building program incorporates donor-centered communications and extraordinary experiences.

That’s all you have to do. Sure, it might be overwhelming at times. But you’ve conquered overwhelming before. The fact is, you’ll reach the Holy Grail only if you maintain this top quality relationship-building program. That’s the only way.

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### **About Joyaux**

I grew up in East Lansing, attended East Lansing High School (Class of 66), and then attended MSU. I began my career in nonprofits as the first executive director of the Lansing Center for the Arts. Then I engineered the merger of the art center with the Lansing Arts Council. I left Michigan at the end of 1980, and became the chief development officer of Rhode Island’s Trinity Repertory Company, one of the nation’s top regional theatres.

In January 2012, I began my 24<sup>th</sup> year as a full-time consultant working with all types and sizes of organizations. Now I’m recognized internationally as a speaker, author, and consultant. I present around the world – in cool places like Italy, Australia, New Zealand, The Netherlands. I teach in a masters program in Philanthropy and Development at Saint Mary’s University of Minnesota.

And all I wanted to do was teach English and French to high school students.

## A few things to understand before we talk about donors...

Key points	Resources
<p><b>Everything else has to be in place first</b></p> <p>“The capacity to learn is a gift; the ability to learn is a skill; the willingness to learn is a choice.” [Dune: House Harkonnen, Herbert and Anderson]</p>	
<p>1. What has to work well</p> <p>A. Mission that’s relevant to the community – coupled with quality services and quality delivery</p> <p>B. Basic good business practice</p> <p>    i. Systems thinking and learning organization theories</p> <p>    ii. Adaptive capacity: external focus, network connectedness, inquisitiveness, innovation</p> <p>C. Limitations of technical fundraising: most fundraising problems are not fundraising problems.</p> <p>D. Culture of philanthropy</p> <p>E. Folie du pourquoi - why</p> <p>    i. Ahern’s two fuel tanks: “how” and “why”. We use the “how” tank all the time and forget the “why.”</p> <p>F. Personal and organizational commitment to conversation and questioning, learning and change</p> <p>    i. Asking meaningful and cage-rattling questions</p> <p>    ii. Conversation as a core business practice</p> <p>    iii. Conversation as the art of relationship building</p> <p>G. Valuing and using research</p> <p>    i. Sector research and your organization’s own</p> <p>H. Beware of personal opinion. Position yourself well.</p> <p>    i. Body of knowledge, best practice, and next practice</p> <p>    ii. “Effective is a fact. It’s accomplishing its objectives, or it’s not.... An ‘expert’ whose opinion consists of how something makes her feel is <i>not an expert at all</i>.... Any schmuck can tell us how [something] affects him. And the schmuckier the person, the more likely he’ll tell us. An actual expert will never bother to mention their own reaction. They’ll focus on facts.” (Jeff Brooks donor power blog, 09-03-09)</p>	<p>“Making Change: Building Adaptive Capacity,” Carl Sussman, <i>Nonprofit Quarterly</i>, Winter 2003. <a href="http://www.nonprofitquarterly.org">www.nonprofitquarterly.org</a></p> <p>See Joyaux website, monograph <i>Choosing Your Road...</i> Click on Resources / Free Library / Fund Development. Also described in <i>Strategic Fund Development, 3<sup>rd</sup> edition</i>.</p> <p>What’s your corporate culture? See questions on page 26, <i>Keep Your Donors</i>. See also <i>Strategic Fund Development, 3<sup>rd</sup> edition</i>.</p> <p>See folie du pourquoi, pg. 11, <i>Keep Your Donors</i></p> <p>See Peter Senge, Jim Collins, and more. See booklists in this handout – and booklists at <a href="http://www.simonejoyaux.com">www.simonejoyaux.com</a>.</p> <p>What are you reading? What research sources do you use regularly? How do you share research with staff and board, building understanding, convincing them, and producing ownership?</p>
<p>2. Volunteers have to be involved, especially board members.</p>	<p>See Chapter 8, Enabling, in <i>Strategic Fund Development, 3<sup>rd</sup> edition</i> and <i>Keep Your Donors</i>.</p>
<p>3. And staff – that probably means you – have to be really good enablers to make all this happen. You enable your CEO and your board members and your fund development committee and your other staff colleagues.</p>	

## Now we can focus on donors – and keeping them.

Agenda and notes	Resources
<p><b>What are donor relationships and why do these matter?</b>            “2009 Fundraising Resolution #1: Explore, define, and do something tangible about the great unturned stone in our sector – the issue of donor loyalty.” [The Agitator blog: 01-07-09]</p>	
<p>1. Relationships definitely not transactions. Relationships between donor and organization – not a personal connection with a particular individual. Don’t trespass on personal and professional relationships.</p>	<p>See Ken Burnett, inventor of the term “relationship fundraising”.            Donors are not ATM machines.</p>
<p>2. All donors expect good stewardship. But do all donors really want relationships? Of course some don’t; but lots do. Don’t disappoint those that do. (And by the way, all donors want to know how you spent their money. That’s the donor-centered communications component of your work.)</p>	<p>Ask Richard Radcliffe, UK legacy expert.</p>
<p><b>What is donor loyalty?</b>            Donor loyalty is the Holy Grail of fundraising. [Roger Craver, <a href="http://www.theagitator.net">www.theagitator.net</a>.]</p>	
<p>1. Focus on retention first: It matters most and is cheaper. Sure, we’re in the acquisition business, too, but that’s more costly (10 times more) and often more difficult.</p>	<p>Retention means loyalty – and that’s the holy grail of any business.</p>
<p>2. Defining loyalty.</p> <ul style="list-style-type: none"> <li>A. Pay attention to the lifetime value (LTV) of your donors.</li> <li>B. Loyal donors give over and over. They may give more often and larger gifts. And loyal donors make bequests.</li> <li>C. Drivers of donor loyalty: satisfaction, trust, commitment. And the single biggest driver is the quality of service provided by the fundraising team.</li> <li>D. Build commitment through trust, multiple engagements (Simone’s extraordinary experiences), and shared beliefs.</li> <li>E. Build trust by communicating impact, demonstrating good judgment, being honest when things go wrong, and developing and promoting a complaints procedure.</li> <li>F. Adrian Sargeant distinguishes between:               <ul style="list-style-type: none"> <li>i. Passive loyalty: Feel comfortable with you. Respond periodically; give modestly. But these donors are not really convinced.</li> <li>ii. Active loyalty: Passionate believers. Supporting your organization is an important part of household and personal budgets.</li> </ul> </li> </ul>	<p>You must read Sargeant and Jay’s <i>Building Donor Loyalty</i>. The book explains everything you want to know about donor loyalty, Lifetime Value (LTV), and the significant increase in gifts from a small improvement in retention rates.</p> <p>If you ever have a chance, don’t miss hearing Adrian speak.</p> <p>Look out for Jen Shang, too. She’s the first PhD in philanthropic psychology.</p> <p>Check out Charles Green’s Trust Matters blog.</p> <p>Read Sargeant, Shang, and Associates, <i>Fundraising Principles and Practice</i>.</p>
<p>3. You produce donor loyalty with a donor-centered organization and donor-centered relationship building.</p>	<p>What’s relationship building? Stewardship. Communications. Extraordinary experiences.</p>

Agenda and Notes	Resources
<p><b>What is donor centrism and why does it matter?</b>            “The donor is at the center. Whatever ‘moves’ the donor to action is the job of the development officer to identify and respect, protect and preserve, and facilitate its expression and manifestation.” [Joanne Gambino-Morehouse, Albany NY]</p>	
<p>1. Let’s start with customer-centered. That always seems easier.</p>	<p>What does customer-centered mean to you?</p>
<p>2. Are donors central to your mission? If yes, make them feel it. Giving is not a financial transaction! Instead, your organization is the conduit by which the donor achieves his/her aspirations.</p>	<p>By the way, donor-centered does not conflict with mission- and client-centered.</p>
<p>3. People pay attention to what interests them. And you’d better do that, too. Don’t universalize your own passions!</p>	<p>Remind me to tell you my NCAA story. Or my dad’s scholarship fund story. Or the World Cup story. And I’ve included them – just for MSU and EL – on pages 17 – 19.</p>
<p>4. What is your organization’s donor-centric quotient?</p>	<p>See page 12, <i>Donor Centric Pledge</i>.</p>
<p>5. Implications of poor relationship building            A. Donor attrition crisis – 50% retention rates are pretty bad!            B. 8 out of 10 (or sometimes reported as 6 out of 7) first-time donors don’t give a second gift            C. Nonpayment of pledges and changes to bequests            D. Dissatisfaction with and disrespect for your organization – producing poor word-of-mouth</p>	<p>Make sure that your prospects and donors are ready to be asked.</p>
<p><b>Building donor loyalty</b>            “It’s not what you’re selling, it’s what I’m buying that counts.” [Simone P. Joyaux, ACFRE]</p>	
<p>1. How can your organization build donor loyalty?            A. First, operate as a donor-centered organization.            B. Second, develop a donor-centered relationship-building program and steward your donors well.            C. Remember, good fundraising does not focus on money. Instead, good fundraising focuses on the donor’s interests and aspirations.            D. Donors give <i>through</i> your organization, not <i>to</i> your organization – to fulfill their own aspirations and desires.</p>	<p>Donors are not ATM machines.             See Ken Burnett, inventor of the term “relationship fundraising”.             Read Ken’s books <i>Relationship Fundraising</i> and <i>The Zen of Fundraising</i>.             See <i>Keep Your Donors: The Guide to Better Communications and Stronger Relationships</i></p>
<p>2. Your relationship-building program is just as important as your solicitation program. Maybe more so. Hmm....</p>	
<p>3. Key components of your comprehensive, integrated relationship-building program:            A. Donor-centered communications            B. Donor-centered experiences</p>	<p>This session focuses on donor-centered experiences. Next, Tom Ahern will focus on donor-centered communications.</p>

Agenda and notes	Resources
<b>Building donor loyalty – continued:</b>	
<p>4. Eight steps to develop and nurture relationships  <i>The first two steps (A and B) are the process of “acquisition.”</i></p> <p>A. Identify the predisposed.</p> <p>B. Qualify the predisposed as prospects – or leave them alone.</p> <p>C. Learn enough about your <u>qualified</u> prospects and donors.</p> <p><i>Remember, donor retention is the first priority, not acquisition. Let’s not lose the donors we already have!</i></p> <p>D. Identify common interests between you and the donor.</p> <p>E. Nurture the relationship to development commitment.</p> <p>    i. Get to know them better: their interests and disinterests, their motivations and aspirations.</p> <p>    ii. Extraordinary experiences (engagement, involvement)</p> <p>    iii. Communications (stories you tell, impact you make)</p> <p>F. Evaluate interest and readiness – and design the request.</p> <p>G. Ask and thank.</p> <p>H. Monitor progress and measure results.</p>	<p>Visit <a href="http://www.simonejoyaux.com">www.simonejoyaux.com</a> for free handout on <i>Building Relationships</i>. Click on Resources / Free Library / Fund Development / Relationship Building.</p> <p>See Burnett’s <i>The Zen of Fundraising</i> for lots of great ideas.</p> <p>See <i>Building Donor Loyalty</i> for research on donor satisfaction.</p> <p>Interested in e-philanthropy and social networking? Read Ted Hart’s books. Subscribe to his free e-news.</p> <p>See detailed description and examples of these 3 steps in <i>Keep Your Donors</i>.</p>
<p><b>Why emotions matter so much.</b>  “There can be no transforming...of apathy into movement without emotion.” [Carl Gustav Jung]</p>	
<p>1. Neuroscience and psychological research prove it.</p>	<p>Wait till Tom shows you the quote by Donald Calne – and Tom will explain more stuff, too.</p>
<p>2. Emotional triggers</p> <p>A. Direct marketing’s top 7 emotional triggers (anger, fear, greed, guilt, flattery, exclusivity, and salvation)</p> <p>B. Ahern’s twin sets: raise problem/opportunity, be solution.</p>	<p>See research by Drs. Dimasio and Bechara summarized in Chapter 9, <i>Keep Your Donors</i>.</p>
<p>3. Emotional messaging works; rational messaging hurts. Ad effectiveness: Rational content, 16%. Mixed content, 26%. Emotional content, 31%. “The study attributes this split to our brain’s ability to process emotional input without cognitive processing...as well as our brain’s more powerful recording of emotional stimuli.”</p>	<p><a href="http://www.neurosciencemarketing.com">www.neurosciencemarketing.com</a>, 07-27-09</p> <p>Tom will actually show you how this works in his presentation.</p>
<p>4. Flattery works really well. “Even when people perceive that flattery is insincere, that flattery can still leave a lasting and positive impression of the flatterer.” Of course, ethical marketers and fundraisers use flattery honestly.</p>	<p><a href="http://www.neurosciencemarketing.com">www.neurosciencemarketing.com</a>, 02-17-10 – research from Hong Kong University of Science and Technology. Tom shows you this.</p>
<p>5. Negative information is better received than positive. “People can perceive the emotional value of subliminal messages...and [people] are much more attuned to negative words.... there are evolutionary advantages to responding rapidly to emotional information.”</p>	<p>We process negative emotions more easily than positive ones!</p> <p>Institute of Cognitive Neuroscience at University College London</p>
<p>6. The threat of loss is more motivating than the promise of gain</p>	<p>Dr. Robert Cialdini’s work.</p>

Agenda and notes	Resources
<p><b>Delivering extraordinary experiences to donors</b></p> <p>“They get to dream together with us and have the opportunity to join with us in making our shared dream a reality.” [Diana Miller, Saint Mary’s University Philanthropy and Development Program]</p> <p>Sir Denys Lasdun, English architect, says that the architect’s job is to give a client: “Not what he wants but what he never dreamed that he wanted; and when he gets it, he recognizes it as something he wanted all the time.” [I think that’s the fundraiser’s job, too.]</p>	
<p>1. How satisfied are your donors? It’s past time to find out. Use Sargeant and Jay’s <i>Building Donor Loyalty</i>.</p>	<p>See Audubon Society survey in <i>Keep Your Donors and Strategic Fund Development, 3<sup>rd</sup> edition</i>.</p>
<p>2. But what does “exceptional” or “extraordinary” mean? How much will it cost? Who will do it?</p>	<p>Involve board members in this work!</p>
<p>3. Delivering exceptional experiences – helping donors dream</p> <p>A. Keep remembering: Your organization is the conduit to achieve the donor’s desires. Show me that my gift (and me, myself) made a difference!</p> <p>B. Truly engaging donors – and even creating a tribe</p>	<p>How will you engage me? How will you and your organization help me achieve my desires?</p> <p>How will you serve as a conduit for me to fulfill my aspirations?</p>
<p>4. Ideas for exceptional and extraordinary donor experiences</p> <p>A. Make donors feel like insiders. Give them special access. For example: Give them information first. Show them behind-the-scenes stuff. Offer meet-ups with your interesting people. Host insider update gatherings.</p> <p>B. Mingle and schmooze with donors at events, programs: Get your board members and other staff involved in this.</p> <p>C. Offer donors choices.</p> <p>D. Board members make thank-you calls to donors. Do it!</p> <p>E. Meet with donors face-to-face, one-on-one. Ask their advice. Learn their stories.</p> <p>F. Conduct focus groups regularly on lots of topics.</p> <p>G. Interview donors for their philanthropic stories.</p> <p>i. Use these stories in your newsletters, annual reports, case statements; on your website; at our events, etc.</p> <p>ii. Invite donors to tell their stories at your events and programs. Anytime your CEO or board chair talks, add in a donor. Maybe substitute a donor for others.</p> <p>H. Recognize your donors at programs and events – on their nametags, asking them all to stand, whatever.</p>	<p>Stay on top of the research. Read the blogs.</p> <p>Check out Ted Hart’s work in e-philanthropy.</p> <p>Check out the other authors in this handout for their ideas.</p> <p>By the way, watching videos online is now bigger than googling.</p> <p>Remember: donor-centered communications is essential for nurturing relationships. And good donor communications should offer an exceptional experience for your donors. Learn about this from Tom Ahern.</p> <p>And be very careful with social media. Yes, I know...blah blah blah. Just be careful!</p>
<p>5. Some things for everyone but not everything for everyone.</p> <p>A. Selecting those for deeper relationship building. Who are your target audiences? What are your criteria?</p> <p>B. Assigning portfolios of work to staff and volunteers</p>	<p>How will you people accountable – for effort and for results?</p>

Agenda and notes	Resources
<p><b>Conversation nurtures relationships</b>  “For enthusiasts conversation is an art, one of the great pleasures of life, even the basis of civilized society.” [“Chattering Classes,” <i>The Economist</i>]</p>	
<p>1. Most successful conversations don’t end by “closing the sale.”  The goal of the call is to: “have your relationship be better at the end of the conversation than it was at the beginning.  Successful selling is usually not about going for the close. It’s about advancing your relationship.”</p>	<p>Tom Peters, from Phyllis Freedman, the Planned Giving Blogger, 03-17-10</p>
<p>2. Conversation is how you get to know people and engage them.</p> <p>A. Engage in different types of conversation, e.g., informal in various settings, a formal interview that produces conversation, etc.</p> <p>B. Use these phrases from the Trust Matters blog: “That makes sense,” “Tell me more,” and “I don’t know.”</p> <p>C. Conversation includes listening and observing.</p> <p>D. Spoken communications depends on three elements to convey meaning, the least of which is words. (Dr. Albert Mehrabian’s pioneering research.)</p> <ol style="list-style-type: none"> <li>i. 7% of meaning comes from the spoken words</li> <li>ii. 38% of meaning comes from the way we say the words</li> <li>iii. 55% of meaning comes from nonverbal cues</li> </ol> <p>E. Observing is about understanding. That’s where the real breakthroughs happen, says Bruce Temkin in his blog Customer Experience Matters. “Breakthrough innovations often address needs that customers [donors] can’t imagine.”</p>	<p>Easing into a conversation by talking about the weather – how wrong was I! See <i>The Big Moo</i>.</p> <p>See social styles and their impact on communications, Chapter 16 of <i>Keep Your Donors</i> – and the original book.</p>
<p>3. Conversation depends on questions – meaningful and cage-rattling questions. How do we construct good questions?</p>	
<p>4. What questions do you want to ask prospects and donors?</p> <ol style="list-style-type: none"> <li>A. Are you comfortable being asked those questions?</li> <li>B. How deep are your conversations with your donors?</li> <li>C. Where do you hold your conversations?</li> <li>D. How do you use the findings from your conversations?</li> <li>E. How do you engage board members in holding these conversations?</li> </ol>	<p>See handout, page 13, <i>Questions to ask your donors</i>.</p>

Agenda and notes	Resources
<p><b>Measuring effectiveness in relationship building.</b>  <i>Is it working?</i></p> <p>“Data itself is nothing unless one uses it as a resource from which to draw conclusions.” [<i>Dune: The Machine Crusade</i>, Herbert and Anderson]</p>	
<p>1. What gets measured gets done. Decide what’s important and what’s meaningful – and measure it.</p> <p>A. Measuring what’s important consistently and over time</p> <p>B. Qualitative and quantitative metrics and compiling evidence</p>	<p>See page 14, <i>Monitoring and Measuring Effectiveness in Relationship Building</i></p>
<p>2. Define institutional measures. Define measures for employee appraisal. Define measures for board members.</p>	<p>See <i>Good to Great and the Social Sectors</i>, Jim Collins</p>
<p>3. Don’t just measure money. Look at what you do in relationship building (not asking for money!) Look at this from the donor’s perspective, too.</p>	<p>See <i>Keep Your Donors</i>.</p>

**Coda: the moral dilemma – or perhaps crisis – of philanthropy.**

*If you’re curious...* See the PDF on my homepage, [www.simonejoyaux.com](http://www.simonejoyaux.com). Read Chapter 25 of *Keep Your Donors*. Check out the cage rattling questions on pages 422 – 424 of *Keep Your Donors*.

And check out pages 17 – 20: Two stories just for MSU and East Lansing.

## Basic Principles of Fund Development

Philanthropy means voluntary action for the common good<sup>1</sup>. Fund development is the essential partner of philanthropy. Fund development makes philanthropy possible by bringing together a particular cause and the prospects and donors who are willing to invest in the cause. The goal is to acquire donors of time and money who stay with the charity. This is done through the process of relationship building. With the donor at the center, fund development nurtures loyalty and lifetime value, thus facilitating philanthropy. You know if your relationship building works because your retention rates rise and the lifetime value of your donors and volunteers increases. (*Keep Your Donors*)

**So what does this mean in practical terms? Here are some basics:**

1. First, understand some **basic distinctions**:
  - a. Predisposed: An individual/business/entity whose interests and actions suggest a possible inclination or susceptibility towards your organization's cause / mission. ("Suspect" is more common terminology. But that's so tacky.)
  - b. Prospect: An individual, business, or entity that has demonstrated an interest in your cause / organization. The individual has raised his / her hand by buying your services or asking to join the mailing list or... In some manner, in some way, the individual, business or entity has raised its hand signaling interest in your cause and your organization.
  - c. Donor: An individual/business/entity that has given a gift of time, money or service.
2. Nurture a **culture of philanthropy** in your organization. The right attitude matters. Culture refers to the personality of your agency. A culture of philanthropy means that everyone accepts and celebrates the beauty of philanthropy and donors, no matter the type or size of gift.
3. Build a **donor-centered**<sup>2</sup> organization. Focus on the donor or prospective donor. "It's not what your organization is selling, it's what I'm buying that counts. I'm interested in my interests, my motivations and my aspirations. Match those and then I'll give to you. Otherwise, leave me alone!" Don't universalize your own passion. Not everyone is interested in your cause, no matter how convincing you are. Don't try to convince them! That's offensive. Find those who care.
4. Giving is an **emotional act**, not a financial transaction. Your organization is the means by which donors live out their own interests and aspirations.
  - a. Neuroscience and psychological research document that all human decisions are triggered emotions<sup>3</sup>. Then rationale steps in. "Emotion is multi-dimensional: it focuses on a person's core goals, directs attention and interest, arouses the body for action, and integrates social group and cultural factors. It is thus a central component of meaning making." (Carol Saunders, PhD)
  - b. Research from the direct mail industry says people give in response to one or more of 7 emotions: greed, guilt, anger, fear, flattery, exclusivity, and salvation. People move from one emotion – e.g., anger – to hope, by using your agency as the means to make change. Tom Ahern refers to this partnering of emotions as "twin sets."

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<sup>1</sup> Inspired by Robert L. Payton, former director of IUPUI Center on Philanthropy and first professor of philanthropics.

<sup>2</sup> See Donor Centric Pledge in *Keep Your Donors* and at [www.simonejoyaux.com](http://www.simonejoyaux.com).

<sup>3</sup> See the research of Drs. Bechara and Damasio, described in Tom Ahern's books on donor communications. [www.aherncomm.com](http://www.aherncomm.com). Psychologist W. Gerrod Parrott identifies many more than 7 emotions. Read about emotions in *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*.

5. Engage **volunteers**, including board members. Make sure your staff effectively enables volunteers to participate in this meaningful work of identifying, cultivating, and soliciting.
6. **Don't trespass** on personal and professional relationships. Instead, use connections to identify those who might be predisposed to your cause. If you cannot qualify them as prospects (and it's their choice!), then leave them alone. Nurture relationships between prospects and your organization, getting them ready to be asked and asked again.
7. Effective fund development is like **permission marketing**<sup>4</sup>; people opt in or opt out. "Permission marketing is the privilege (not the right) of delivering anticipated, personal and relevant messages to people who actually want to get them...treating people with respect is the best way to earn their attention. Permission doesn't have to be formal but it has to be obvious." (From Seth Godin)
8. More **visibility** does not produce more contributions. Everyone focuses on his / her own interests. Your agency can be more and more visible – but if I'm not interested, I'm not paying attention. Just ask Simone about the NCAA basketball championship and the World Cup! (See *Keep Your Donors*.)
  - a. It's okay if someone doesn't know who your agency is or what it does. Tell them, if they're interested. That's identifying the predisposed.
  - b. Do not solicit someone unless you know for sure that the person knows about your agency.
  - c. Where do you need to be visible? Among your current donors, because you want to build their loyalty. Absence does not make the heart grow fonder –it's out of sight and out of mind! Nurture these donor relationships.
9. You must **give first**. (*Each* board member, CEO, development officers, and fundraising volunteers.) You cannot represent an agency/cause without demonstrating your own financial investment.
10. **Why do most people give?** Because they're asked. Only ask the interested! Ask the right prospect for the right amount at the right time for the right project in the right way with the right solicitor.
11. Build an **individual giving program**. Each year, individuals give the largest portion of philanthropic gifts in North America. And individuals are the most loyal, too.
12. Fund development is a **process and a profession**: founded on ethical principles and standards<sup>5</sup>; based on well-researched body of knowledge<sup>6</sup>; protects the public through voluntary certification of professionals. Personal opinion – without body of knowledge – doesn't and shouldn't count much.
13. Most **fund development problems** are actually not fund development problems. Most problems relate to other areas of operation. Fix the real problem. (See [www.simonejoyaux.com](http://www.simonejoyaux.com) and click on Resources / Free Library / Fund development / *Choosing your road*.)
14. A **balanced funding mix** of solicitation strategies and donor sources ensures stability and credibility. Whenever possible, the best way to solicit a gift is through face-to-face solicitation.

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<sup>4</sup> Seth Godin *Permission Marketing*, 1999. Godin contrasts permission marketing to interruption marketing, the traditional approach. You know, the billboards and glitzy ads - and sending me a newsletter that I didn't ask for.

Instead, identify the predisposed, those you suspect might have interests similar to your cause/agency. Introduce yourself (personally is often best, e.g., through a cultivation gathering or one-on-one). Then, if the person (or corporation or foundation) expresses interest, that gives you permission.

Godin observes: "Rather than simply interrupting a television show with a commercial or barging into the consumer's life with an unaccounted phone call or letter [or in fundraising, the newsletter or a solicitation], tomorrow's marketer [and top notch fundraiser] will first try to gain the consumer's consent to participate in the selling process." [Bracketed comments are mine, not implied by Godin.]

<sup>5</sup> *Donor Bill of Rights* and *AFP Code of Ethical Principles and Standards of Professional Practice*, [www.afpnet.org](http://www.afpnet.org).

<sup>6</sup> Visit CFRE International ([www.cfre.org](http://www.cfre.org)), the baseline certification for fundraisers worldwide. Click on the Test Content Outline, which describes the required knowledge for a fundraiser with 5 years of experience.

## The Donor-Centric Pledge

*We, [fill in the name of your nonprofit organization here], believe that...*

1. Donors are essential to the success of our mission.
2. Gifts are not "cash transactions." Donors are not merely a bunch of interchangeable, easily replaceable credit cards, checkbooks and wallets.
3. No one "owes" us a gift just because our mission is worthy.
4. Any person who chooses to become our donor has enormous potential to assist the mission.
5. Having a program for developing a relationship with that donor is how organizations tap that enormous potential.
6. We waste that potential when donors are not promptly thanked.
7. "Lifetime" value of a donor" is the best (though often overlooked) way to evaluate "return on investment" in fundraising.
8. Donors are more important than donations. Those who currently make small gifts are just as interesting to us as those who currently make large gifts.
9. Acquiring first-time donors is easy but keeping those donors is hard.
10. Many first-time gifts are no more than "impulse purchases" or "first dates."
11. We'll have to work harder for the second gift than we did for the first.
12. A prerequisite for above-average donor retention is a well-planned donor-centric communications program that begins with a welcome.
13. Donors want to have faith in us, and it's our fault if they don't.
14. Donors want to make a difference in the world, and our mission is one of many means to that end.
15. Donors are investors. They invest in doing good. They expect their investment to prosper, or they'll invest somewhere else.
16. We earn the donor's trust by reporting on our accomplishments and efficiency.
17. Individual donors respond to our appeals for personal reasons we can only guess at.
18. Asking a donor why s/he gave a first gift to us will likely lead to an amazingly revealing conversation.
19. Fundraising serves the donors' emotional needs as much as it serves the organization's financial needs.
20. We are in the "feel good" business. Donors feel good when they help make the world a better place.
21. A prime goal of fundraising communications is to satisfy basic human needs such as the donor's need to feel important and worthwhile.
22. The donor's perspective defines what is a "major" gift.<sup>7</sup>
23. Every first gift can open a door to an entirely new world for the donor, through participation in our cause.

© Ahern and Joyaux. From *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, by Tom Ahern and Simone Joyaux (John Wiley & Company Publishers, November 2007)

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<sup>7</sup> A repeat donor of \$25 annual gifts who suddenly increases her gift ten-fold to \$250, for instance, is making a major commitment that deserves special acknowledgement.

## Questions to ask donors – and prospects and often the predisposed, too.

1. Why did you first give to our organization? (Richard Radcliffe, U.K. legacy consultant says this is the most important question to ask.)
2. What interests you most about organization? Why? What is less interesting to you?
3. Why do you give to our organization? What does our mission mean to you? How would you describe our mission?
4. What are the most critical results you expect our organization to produce?
5. What do you tell others about us? How do you describe this organization to others?
6. Why does this cause matter to you? Why now in particular?
7. What do you believe would most transform [this particular situation]?
8. Which other organizations effectively address this cause?
9. How does our organization compare to other organizations working in this cause?

Find out their values and beliefs. Get in touch with their feelings.

10. If you could change the world, what would you do?
11. What actions do you think would best cause the change you envision?
12. What changes do you believe would make the world a better place?
13. What would you like to pass on to future generations?
14. How do you feel when you make a gift?
15. What makes you angry and sad?
16. What makes you hopeful and happy?

P.S. Of course, you have to determine which questions are appropriate to whom. You must be sensitive to their boundaries as well as your own.

For more questions, see [www.simonejoyaux.com](http://www.simonejoyaux.com). Click on Resources. Then select Free Download Library in the pull down menu and visit the Fund Development section.

For even more questions, see *Keep Your Donors: The Guide to Better Communications and Stronger Relationships* by Joyaux and Tom Ahern. This book includes an entire chapter on conversation and questions – and a chapter on how to measure your relationship building.

## **Monitoring progress and measuring results: how good is your relationship-building program?**

### **From the prospect / donor / volunteer perspective**

1. Satisfaction with your organization's execution of its mission and the progress made on your mission
  2. Satisfaction with your organization's customer service (and not just from the development office!) Just look at Sargeant's research about donor loyalty.
  3. Satisfaction with your thank-you process and your recognition program
  4. Satisfaction with the quality of conversations they have with you
  5. Satisfaction with your organization's communications
  6. Degree to which their personal values align with your organization's values (essential for what a donor considers a large gift)
  7. How often the donor refers others to your organization
- And so many more! Seems to me we fundraisers are especially weak in this area.

### **What you do to nurture relationships**

1. Breadth and depth of information in your files, with an emphasis on interests and disinterests, motivations and aspirations
  2. Diversity, regularity, and frequency of organization contacts with prospects and most especially with donors
  3. Level of personalization in communications and cultivation
  4. Effectiveness of cultivation at fundraising events
  5. Effectiveness of communications strategies and content
- And so many more! Seems to me we fundraisers are pretty weak in this area.

### **Charitable giving measures that reflect donor loyalty**

1. Donor retention rate
2. Rate of transition from first-time donor to regular donor
3. Percent of donors who increase their gift size and / or number of gifts per year
4. Size of gift compared to your estimation of donor's level of interest and commitment

See more in Joyaux' *Keep Your Donors*. Check Jim Greenfield's book on *Fundraising Cost Effectiveness*. See Fundraising Cost Effectiveness Project co-sponsored by AFP, [www.afpnet.org](http://www.afpnet.org).

## Some resource materials for your professional development – and doing your work day-to-day...just the tip of the iceberg

1. Great blogs and websites
  - a. See Jeff Brooks' Future Fundraising Now blog, [www.futurefundraisingnow.com](http://www.futurefundraisingnow.com).
  - b. The Agitator (Tom Belford and Roger Craver) ([www.theagitator.net](http://www.theagitator.net)). Also check out their research and premium service to get the full reports.
  - c. Seth Godin, marketing guru ([www.sethgodin.com](http://www.sethgodin.com)) See Seth's books, too.
  - d. Lisa Sargent's blog about donor loyalty, [www.lisasargent.com](http://www.lisasargent.com).
  - e. Periodically check out [www.neurosciencemarketing.com](http://www.neurosciencemarketing.com).
  - f. Visit [www.sofii.org](http://www.sofii.org) regularly for great ideas. SOFII (Showcase of Fundraising Innovation and Inspiration) is the brainchild of Ken Burnett, first user of the term "relationship fundraising."
  - g. Joyaux weekly blog, free e-news, and dozens of free PDFs at [www.simonejoyaux.com](http://www.simonejoyaux.com). See also my regular web column at [www.nonprofitquarterly.org](http://www.nonprofitquarterly.org).
  - h. And for personal, face-to-face solicitation, try this new site: [www.askingmatters.com](http://www.askingmatters.com).
2. Regular publications (electronic and print)
  - a. *The Chronicle of Philanthropy* (Particularly the reports on research. Then I go to the original source and read – and collect and file – the full research.)
  - b. *Nonprofit Quarterly* ([www.nonprofitquarterly.org](http://www.nonprofitquarterly.org)). *Harvard Business Review* ([www.hbr.org](http://www.hbr.org)). *Stanford Social Innovation Review* ([www.ssireview.org](http://www.ssireview.org))
  - c. *Giving USA: The Annual Report on Philanthropy* ([www.givingusa.com](http://www.givingusa.com))
3. Read *Growing Philanthropy in the U.S.*, by Adrian Sargeant and Jen Shang. Posted on my website and also on Blackbaud and Hartsook websites.
4. Subscribe to Tom Ahern's donor communications free e-news from [www.aherncomm.com](http://www.aherncomm.com).
5. Useful research for fundraisers and the nonprofit sector – just the tip of the iceberg
  - a. Center on Philanthropy at Indiana University ([www.philanthropy.iupui.edu/research](http://www.philanthropy.iupui.edu/research))
  - b. *Giving USA: The Annual Report on Philanthropy* ([www.givingusa.org](http://www.givingusa.org))
  - c. Pew Research Center (<http://pewresearch.org>) Features original content 7 areas: People & the Press; Excellence in Journalism; Internet & American Life Project; Religion & Public Life; Hispanic Center; Global Attitudes Project; and Social & Demographic Trends.
  - d. Target Analytics ([www.targetanalytics.com](http://www.targetanalytics.com)), Convio ([www.convio.com](http://www.convio.com)), The Agitator and its premium service ([www.theagitator.net](http://www.theagitator.net)) - and various professional associations.
6. Authors and books – a small sampling of some of my favorites and a few stacked up still to read:
  - a. Ahern, Tom – one of North America's leading experts in donor communications: *Writing for Fundraising*, *Raising More Money with Newsletters than You Ever Thought Possible*, *Seeing through a Donor's Eyes*, and with Joyaux, *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*
  - b. Burnett, Ken: *The Zen of Fundraising* and *Relationship Fundraising* (Ken was the first to write the term "relationship fundraising.")

- c. Capek, Mary Ellen and Molly Mead: *Effective Philanthropy: Organizational Effectiveness through Deep Diversity and Gender*
- d. Cialdini, Robert: *Influence: The Psychology of Persuasion* and *Yes: 50 Scientifically Proven Ways to Be Persuasive*
- e. Collins, Jim: *Built to Last, Good to Great, and Good to Great and the Social Sector*
- f. Duschinsky, Jon: *Philanthropy in a Flat World*
- g. Fredricks, Laura: *The Ask and Developing Major Gifts*
- h. Gladwell, Malcolm: *The Tipping Point, Blink, Outliers*
- i. Gardner, John: *Building Community*, a monograph published by the Independent Sector
- j. Godin, Seth: *Permission Marketing, Tribes, The Big Moo, Linchpin*
- k. Goleman, Daniel: *Emotional Intelligence* and *Social Intelligence* (See some of this in *Strategic Fund Development: Building Profitable Relationships That Last.*)
- l. Grace, Kay Sprinkel: Check out Kay's books for staff and for board members.
- m. Green, Fraser, Beth McDonald, Jose van Herpt: *Iceberg Philanthropy: Unlocking Extraordinary Gifts from Ordinary Donors* (about bequests). Read Fraser's new book *3D Philanthropy*.
- n. Hart, Ted: Leader in e-philanthropy, and possibly the first user of the term, [www.tedhart.com](http://www.tedhart.com)
- o. Heath, Chip and Dan: *Made to Stick* and *Switch*
- p. Iyengar, Sheena: *The Art of Choosing*
- q. Jackson, Maggie: *Distracted: The Erosion of Attention and the Coming Dark Age*
- r. Jarvis, Jeff: *What Would Google Do? (WWGD)*
- s. Joyaux, Simone: *Keep Your Donors*, and *Strategic Fund Development – Building Profitable Relationships That Last, 3<sup>rd</sup> edition*
- t. Lancaster, Lynne and David Stillman: *When Generations Collide: Who They Are. Why They Clash. How to Solve the Generational Puzzle at Work*
- u. Lanier, Jaron: *You Are Not a Gadget – A Manifesto*
- v. Neumeier, Marty: *The Brand Gap, The Designful Company*
- w. Robinson, Andy: *How to Raise \$500 to \$5000 From Almost Anyone*
- x. Sargeant, Adrian and Elaine Jay: *Building Donor Loyalty*
- y. Sargeant, Shang, and Associates: *Fundraising Principles and Practice*. Essential information about donor psychology and more.
- z. Taylor, Martha A., Sondra Shaw-Hardy: *Transformative Power of Women's Philanthropy*
- aa. Vedantam, Shankar: *The Hidden Brain – How Our Unconscious Minds Elect Presidents, Control Markets, Wage Wars, and Save Our Lives*
- bb. Warwick, Mal: Guru of direct mail (and 2009 book on fundraising in a tough economy)

## **For MSU and East Lansing: Stories just for you.**

From my book *Strategic Fund Development: Building Profitable Relationships That Last*, 3<sup>rd</sup> edition. Published by John Wiley & Sons, 2011.

### **Simone, Sports, and the Myth of Visibility** (From Chapter 2, Exhibit 1.2)

First, here's the back-story.

Every spring in the United States, "March Madness" engulfs sports enthusiasts. This is the month for the annual collegiate basketball play-offs. The actual formal title is the NCAA (National Collegiate Athletic Association) basketball championship.

Board members change board meeting dates to stay home and watch the games on television. Television networks battle with big bucks fighting for the rights to televise. Employees talk about the games at work. And apparently, all the media participate in March Madness at equally frenzied levels. Headlines, feature stories, newscasts. Evidently this is quite a show.

I, however, don't pay attention. Why? Because I'm not interested.

I don't like sports. I don't watch them – nope not even the Super Bowl thing. I don't engage in sports chatter. Often I don't know if a sports team is football, basketball, or baseball.

Actually, I had to get my sister to verify that I correctly recited the back-story!

So here's my story about the NCAA basketball championship.

In March a few years ago (see, I don't even remember which year!) my sister Nicole called me. I could tell she was very excited.

"Hey Simone, I know you don't pay any attention to sports, but guess what?"

"What?" I responded with no enthusiasm whatsoever.

"MSU is one of the teams in the final game of the NCAA basketball championship."

Unless you're familiar with the NCAA basketball championship, you probably wonder who MSU is.

Michigan State University. I'm an alumna and so are most of my siblings.

But, it's bigger than that. My dad was a professor at MSU. I grew up in East Lansing, Michigan, home of MSU. The campus dominated the landscape because of its land mass and numbers of students. My family socialized with MSU professors. I visited dad in his office at MSU, beginning, I assume, in my infancy.

I'm actually very interested in MSU! I even approach strangers wearing Spartan sweatshirts.

You would think, given my deep attachment to MSU, that I would have noticed its name blaring at me in such a highly promoted activity like the NCAA basketball championship. But I didn't.

Even though I'm very interested in Michigan State University, I didn't even notice its name when it was all over every single form of media for weeks. Because I – along with all other people – pay attention to what interests them, and little else.

Here's another sports example: the World Cup football, probably the major sporting event worldwide.

In June 2006, Tom and I are visiting our home in Valros, France, a tiny village in the Languedoc region. There's a big outdoor movie screen in the center of the town square. Traffic no longer passes that way. This is really weird.

I asked a neighbor what was going on. He looked at us strangely, very strangely. "Mais madame, c'est le Coupe du Monde ce soir. Et l'équipe de France joue." Ah, the French team – les Bleus – is playing in the World Cup. The World Cup of Soccer. Soccer, the biggest sport worldwide. The World Cup arguably the biggest global sporting event.

The outdoor screen in Valros stayed up for two games, the semi-final and the final. In Paris, people crowded the Champs-Élysées to watch the final game on big screens. That's the year that Zinedine Zidane head butted the Italian player in the chest. Les Bleus lost.

What's the moral of these stories? People pay attention to what interests them, and little else. If sports don't matter to you, the NCAA "March Madness" basketball playoffs or World Cup football, among the world's most heavily publicized events, simply disappear.

Source: Modified from *Keep Your Donors: The Guide to Better Communications and Stronger Relationships*, Tom Ahern and Simone Joyaux. John Wiley and Sons, Inc. 2008

And here's a P.S., added while I was preparing my materials to present on the MSU Campus, in a room in the Stadium: My dad took tickets at MSU football games from the time he was a student through his years as a full professor. Maybe he still took tickets when he was chair of the Romance and Classical Languages. When I little, he used to sneak us into the games. Will I get in trouble for that now, do you think?

How ironic that I am presenting at the MSU stadium. My dad would really laugh at that!

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**A personal story that illustrates the key principle: It's not what you're selling; it's what I'm buying** (From Chapter 2, Exhibit 2.3)

In 1990, my father died suddenly of cancer. We discovered he was sick, then he was dead six weeks later. He died in Michigan, before I could get there.

I arrived in East Lansing a few hours after his death. That afternoon, I phoned Michigan State University (MSU) and set up a scholarship fund for travel in a French-speaking country. The fund was named for my father, Georges Jules Joyaux. He had not yet been dead ten hours.

Within a few weeks of my father's death, I received solicitation letters from the national and local cancer societies. Timely and appropriate letters. Good fundraising efforts triggered by my father's death.

And I threw each of those letters away.

Why?

Too soon? No. Too impersonal? No. (Although a personal call probably would have generated a nominal, one-time gift from me.) On paper, I looked like a prospect. But as it happened, I wasn't. The cancer societies sold certain, worthwhile things. But my interests were elsewhere.

They were selling freedom from pain, health, a cure for cancer so others would not suffer, as had my father and family. Protection so I might not die from this dreaded disease. Protection for my husband, mother, my brothers and sisters, and my friends.

But what was I buying?

Not health. I rarely give to health organizations. Certainly, I want everyone to be healthy, myself and loved ones included. But I'm not buying health.

Not freedom from cancer. I am sorry my father died from cancer. It was ugly, as so much of death is. But I'm not buying an end to cancer.

What did I buy that afternoon when I called MSU from the living room of my parents' home?

My French heritage. Love and respect for different cultures, taught by my father. Joy of travel to other countries. Commitment to education as I look at all the teachers in our family.

A warmth toward MSU. My father came to the university as a young man from war-torn France. There, he met my mother and taught for 41 years. All six of us kids went to school there.

Love and admiration for my father, his vision of a world where pluralism is honored, his wit and sarcasm, his intelligence and eloquence, his strengths and weaknesses, his love for teaching and his students.

Cancer took him. But it did not define him.

So, my mother and the six Joyaux kids set up a scholarship fund in Georges' name. Each year, an MSU student receives funds to study in a French-speaking country. The country doesn't have to be France, only French speaking. An academic curriculum isn't necessary. Traveling and experiencing are what count. My father always reminded everyone: "The most important thing is to step out of your linguistic ghetto and become aware that there are people who live, eat, learn, and make love in a medium which is not English."

It amuses me to think of Georges' reaction to his fund. He would laugh and make a smart remark. But he would remember the students. I think he would be pleased.

With the scholarship, the students receive a description of my father and what he accomplished in his lifetime. I trust they read it.

I tell this story around the country when I teach and consult. I ask people what they think the cancer society is selling. People are so gracious. They use polite words and euphemisms. It takes a while before anyone gets to the nitty gritty -- protection from death. Better yet, protecting me personally from dying and protecting others that I care about.

People are just as gracious when they talk about what I'm buying. They always emphasize the honoring of my heritage, my father, and his beliefs. Sure, that's a part of it. But then I laugh. Irreverently, I proclaim: "Just honoring my father and my heritage? I bought a house in France, and that's sure not for my dead father! This gift is about me and my interests. I love France, and I'm committed to pluralism."

You have to look deep. Get down to the essential, not just the surface.