

## Chapter One



# PLAYING SMART AND PREPARING FOR ACTION

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## The Trouble with Fundraising; Plus 15 Things I'd Do If I Were the New Head of Donor Development

It isn't getting any easier to be a fundraiser. So it's worth considering some of the major issues and challenges facing nonprofits and the people who work for them, to try to work out how these issues and challenges might be tackled and even overcome. Here are just a few of the troubling trends and omens that are around now.

### **Fundraising Trends and Omens**

- *Donors nowadays are much more discerning, more savvy.* They easily recognize fundraising techniques and quickly see through the schemes and devices fundraisers deploy to part them from their money. Many donors are increasingly discriminating. They search more for sincerity and commitment than for flashy, tantalizing promises. They are

more concerned with content than with packaging and presentation. They don't want offers; they prefer solutions. Now you don't have to be merely different; you have to be visibly distinctive.

- *Traditional fundraising methods continue to be less and less viable.* Regrettably, response to all public fundraising methods seems to decline over time, maybe in part because of the more savvy donors mentioned previously. Costs increase and effectiveness falls as the public comes to understand and see through the fundraiser's artifices and repetitiveness. Special events, nonprofit trading opportunities, direct mail, telephone fundraising, press and television advertising, face-to-face fundraising, and other forms of soliciting our publics all appear to decline in viability over time. Fundraising costs, of course, always rise.
- *Worried donors increasingly hang onto their cash.* Medical and social advances have ensured that like the rest of the population, donors now tend to be living longer. Good for them. But they are living longer in an ever more uncertain world, where state support through their declining years can be relied upon less and less and whatever wealth they have amassed may be increasingly swallowed up in providing for home and health needs through an extended old age.
- *We face a possible decline in bequest income and in major gifts too.* This decline would be a logical direct consequence of the previous observation. It has so far generally failed to materialize. But as communication becomes easier and if some of the other threats on these pages become real, this one might also. Would you agree to give a major gift or leave a legacy if you thought you might live another twenty or thirty years with inadequate pension or state sup-

port and in increasingly poor health? Among the many alarming signs of instability in today's financial markets is the increasingly heard prediction that a pension meltdown may well be coming. A bequest (legacy) meltdown could follow.

- *Resistance to fundraising direct marketing is increasing.* There's no doubt that this is happening now and posing a major threat to many fundraising programs. Most alarming is the growing body of evidence that confirms the anecdotes: most donors don't like nonprofit direct marketing. In a 1997 study among donors by Burnett Works Limited (described in the February 1998 issue of the *International Journal of Nonprofit and Voluntary Sector Marketing*), 57 percent claimed they welcome a nonprofit's newsletters, but just 2 percent said they were happy to receive fundraising direct mail. As these people are supposed to be firmly on our side, this seems to be a substantial cause for concern.
- *The hippie generation will turn out to be lousy donors.* As one of the original hippies (I still have my Joni Mitchell LPs), this is the trend I'd worry about least. But members of the hippie generation are certainly a very different kettle of fish from those of their parents' generation, and even though they may well be as generous, if not more so, they won't be as trusting or as easily convinced. With quite different moral and social values and a much healthier distrust of authority they'll probably behave very differently, so it'll pay to really understand them, that's for sure, and to deliver what they want.
- *We are putting off more donors than we inspire.* Trust and confidence in nonprofits generally may be in decline,

which could be really serious. This may be the most worrying underlying factor behind the threatened decline in bequest income that I mentioned earlier. Donors discouraged by our crass communications and heavy-handed solicitations may choose to cut us out of their lives and out of their wills. Despite increased efficiency and superior marketing methodology, some statistics show that fundraising isn't growing, it's actually in decline. Notwithstanding successes at individual nonprofits, in the UK the number of households giving to charities apparently dropped for several successive years recently. It may be on the rise again, but that's from a fairly low base. And for how long?

- *Too many fundraisers are chasing too few donors.* No mistaking this danger. There are ever more fundraisers asking and list building these days, and the segment of society known as donors is hardly growing at all. Some donors feel they're being hit by fundraisers just a little too hard and a lot too often. Fundraisers constantly expend energy, funds, and credibility trying to expand their market into younger audiences. Yet all return eventually to fish in the same well-defined pond—the one where most donors are fifty-plus, middle class, well educated, and with disposable incomes—a finite pond indeed.
- *Public alarm at the cost of fundraising is evident.* This concern is increasingly justified, as some of our statistics are now all but indefensible. But mostly, we fundraisers are prudent stewards of the funds our publics trust to us. Given a fair hearing we can generally offer convincing explanations that will assuage any alarm. Trouble is, our public's attention span is often nowhere near enough to allow anything other than a superficial look at our statistics, and the

top-line figures are often not sufficiently encouraging. So the alarm escalates. Well aware of the public's relish for copy that knocks nonprofits, the media are constantly on the lookout for any hints of impropriety from fundraisers. Media interest, and the incidence of shabby reporting that inevitably follows, seems likely to grow.

- *Donors resent the big business appearance of many nonprofits.* So they will increasingly turn to the nontraditional types of giving that are springing up everywhere, such as those available through DonorsChoose ([www.donorschoose.org](http://www.donorschoose.org)) and GlobalGiving ([www.globalgiving.com](http://www.globalgiving.com)). This may be no bad thing, but it's a new kind of competition that should worry the hell out of those big fundraisers that act like corporations.
- *New legislation is being passed to protect donors and control fundraisers.* This threat pops up increasingly in most countries where fundraising is developed. Some of this legislation is good and desirable. But often these new laws are drawn up by people with scant knowledge of fundraising and fundraisers, and the nonprofit sector learns too late that effective, donor-centered self-regulation would have been much better.
- *Finding new donors is becoming unacceptably expensive.* Fundraisers frequently say their acquisition cost is now so high it's barely viable to recruit new donors, which signals a serious dilemma for the future. Put another way, many nonprofits report that donor recruitment is now too expensive, so instead they are turning to donor development. This is perhaps a wise thing to do if it signifies an end to the days of *churn and burn*. But cutting acquisition is real short-term thinking from an organizational health perspective. It's equivalent to eating your seed corn.

- *Soon it'll be a simple matter for donors to cut fundraisers out of their lives entirely.* Donors in future will expect most of the communications they receive to come into their homes via their telephone line or whatever electronic process will replace telephone lines in the near future. So all unwanted communications could be screened out easily.

And finally . . .

- *Short-term gain equals long-term suicide.* This is shorthand for the nigh-universal phenomenon that fundraisers today tend to concentrate on short-term issues and income, often at the expense of laying lasting foundations for their fundraising, so doing long-term damage to the causes that they claim to serve. *Short-termism* is a major problem for today's fundraisers. In the pursuit of short-term gains, here-today-gone-tomorrow fundraisers inflict lasting damage on their organizations' future fundraising prospects.

At first glance these trends and omens might seem daunting, even depressing. Yet, with sound strategies for effective donor relationship development, it seems to me that the future is not all doom and gloom, far from it. By focusing on building more mutually beneficial relationships with our donors, we fundraisers can turn all these negative trends around. There's evidence, and lots of it, from fundraisers in several countries, that donor-centered relationship fundraising can and does transform fundraising results. In fact, if you can get right the thinking and the attitudes that underpin successful fundraising, there's probably never been a better time to be a fundraiser.

As an antidote to some of the anxieties just listed, here's what I would do now if I were starting out again as man-

ager of a fundraising department. The fifteen strategies that follow should, in my view, form the core of the fundraising department of the future.

### **What I Would Do If I Were the New Head of Donor Development**

I don't expect you, my reader, to instantly implement all the eighty-nine tips and nuggets of advice that follow in these chapters and that form the main purpose of this book, though it would be nice if you did. But if you're starting out in donor development and want to know what to focus on as priorities, the following short list of fifteen points may help you.

This list came about when a U.S. journal for fundraisers asked me to imagine I'd just started in a new job, with a clean slate and sufficient resources to set about transforming the donor development function. I include it here to help anyone in an even vaguely similar situation—and to help me set out early in this book my philosophy of donor development.

These fifteen strategies aren't the only things I'd do. They may not even be the most urgent things I'd do or even the most important. But they are the things I'd do that I think would have the most lasting impact, that would make the most difference to converting my imaginary donor development department from the underfunded, misunderstood appendage to the fundraising function that I found on joining the organization into the finely honed, high-earning core activity that I'd like to leave behind me when, in the fullness



if at first you  
don't succeed . . .  
skydiving is not  
for you.

of time, I move on to pastures new (you have to indulge me a little here in this fantasy).

1

**I'd aspire to be the most  
learned fundraiser of my generation.**

Apart from studying the lessons of history and going to the best seminars and workshops, for the fundraising resource center that I'd set about creating I'd (at the very least) get hold of the ten best books on fundraising (see point 78, in Chapter Seven). And I'd make sure these books don't gather dust on the resource center's shelves but are really used. Plus I'd subscribe to the best trade magazines and journals around. And I'd encourage each of my colleagues to set aside half an hour each day (of their own time, preferably) for *essential fundraising reading*. I'd challenge each of them every day to try to get at least one new idea from this, an idea that would help keep us just a bit ahead of everyone else who's clamoring for our donors' funds. And once each month at least, I'd encourage them to visit a fundraising organization with which they've had no prior contact whatsoever. Or to call a fundraiser for advice, someone they've never spoken to before.

I could also suggest that, each day, they wave at someone they don't know. But that may be going too far.

2

**I'd teach all my fundraising  
colleagues to make the 90-degree shift  
and to aspire to be fifteen minutes ahead.**

These two fundamental attitudes underpin the best approach to donor development and are explained in detail in points 22 and 23 (in Chapter Two).

The first attitude, making the 90-degree shift, will involve putting all of us in the department firmly in our donors' shoes, seeing everything the organization does through our donors' eyes. It sounds uncomfortable and it's not easy, but nothing else will come as close to helping us build mutually beneficial relationships with our donors. Imagine — instead of giving donors what we want them to have, when we make the 90-degree shift we can be sure to offer them only what they want to receive!

The second attitude, aspiring to be fifteen minutes ahead, means I would concentrate not on finding those rare, elusive big breakthrough ideas to advance our fundraising; instead I'd focus on implementing the myriad small but cumulatively significant ideas that are all around fundraisers today, waiting to be picked up. There are eighty-nine of these ideas in this little book — more than that for the thoughtful reader.

For I know that's how our fundraising is most likely to move fastest, not in a few risky giant steps but in lots of sensible, even obvious, but demonstrably sound little ones.

Before focusing in any detail on the techniques and skills that fundraisers need, I'd make sure my own thinking was right, and I'd encourage my colleagues to get their thinking right too. Before I'd unleash any of my well-meaning fundraising colleagues on our poor, unsuspecting donors who deserve so much better than they usually get, I'd ensure that these colleagues start off with all the good habits fundraisers need to acquire. So I'd rigorously remind them of the basic foundations of our profession, the essential values and approaches that underpin good fundraising. To help, I'd make sure they have all read and understood Chapters Two and

Three of this book. I wouldn't let them even talk to a donor until they'd passed muster on the basics.

3

**I'd develop a culture of appropriate but high-quality donor service in our organization, top to bottom.**

I'd make sure our organization is always a pleasure to do business with. Tragically, nonprofits are not very good at customer service and that is an understatement. All fundraisers should perhaps reflect that customer service is like personal hygiene—without it, your relationships won't even get started.

Not a savory thought, I'm sure you'll agree. Yet experience tells me good, appropriate customer service is missing in most of my competitors (so providing it is just one more way my organization will be fifteen minutes ahead). As almost every mystery shopping test confirms, fundraisers are almost invariably rotten at customer service. In the past most donors haven't expected anything better, but as customer expectations rise generally, that will change for nonprofits for sure. To enhance the experience of being a donor to our nonprofit, everyone in my department will offer the most appropriate, most friendly, most efficient, and most effective customer service to be found anywhere. All at a time that suits our donors rather than suits us. So our donors will like doing business with us. And they'll tell their friends.

I'd get all my fundraisers used to saying thank you and you're welcome promptly and properly. Our organization would be a nice place to be and to be in contact with. (See points 62 to 65, in Chapter Five, for more specific advice on

effective, appropriate customer service—one of the easiest and best ways to get fifteen minutes ahead.)

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**TO PROVE THE POINT:  
THE MYSTERY ABOUT MYSTERY  
SHOPPING TESTS IS WHY WE  
FUNDRAISERS SEEM UNABLE  
TO LEARN FROM THEM**



So-called mystery shopping tests provide easy, cheap copy for magazine editors, so our trade press is full of them. They always present the same depressing story, illustrating how deficient nonprofits are in providing even basic standards of customer service, while hinting at what this might be costing these organizations in lost opportunities and disappointed donors. But the self-flagellation that should accompany the reading of these indictments can't have much effect because these magazines never report improvement.

A Sydney-based agency, Pareto Fundraising, has just reported on the first in what's intended to be an annual series of mystery tests ([www.paretofundrasing.com](http://www.paretofundrasing.com)). The agency's aim is to *benchmark* customer service levels from nearly one hundred nonprofits in Australia and New Zealand, comparing results to those obtained among similar nonprofits in the UK. Predictably, none of the three countries excelled this time, though the colonials did noticeably better than those in mother England. How would North American nonprofits fare in similar tests, one wonders? Having mystery tested in both the United States and Canada in the past, I'm maintaining diplomatic silence.

But the test results aren't likely to be good.

This Australian study assessed nonprofit responses by phone, mail, and e-mail to four specific opportunities: a donor making a one-time credit card gift, a donor setting up a regular monthly gift, a donor asking for specific information, and a donor inquiring about how to leave a bequest. Lack of space precludes giving the full results, but the following should give you food for thought.

- The level of failure to respond was incomprehensibly high across all tests. Up to 20 percent of nonprofits don't respond when approached by someone trying to give them money.
- Nearly half of nonprofits don't promote regular giving to someone who has given a one-time gift.
- Up to 40 percent don't formally thank donors when they set up a regular gift.
- It's not unusual for nonprofits to take weeks, even months, to respond to a simple request.
- Five nonprofits that sent receipts or confirmations never actually took the donation from the credit card.
- Nonprofits perform very poorly when asked about bequests. Of those that replied to the suggestion that a donor might wish to leave them a bequest, only 22 percent said thank you, and just 36 percent explained the difference between pecuniary and residuary bequests. A full 31 percent didn't respond at all.

Though their sample sizes are often not statistically valid and their methodology is sometimes suspect, in gen-

eral such tests show response times are poor, too many organizations don't respond at all, and many nonprofits fail to deliver what they promise, fail in basic politeness and accountability, and miss opportunities to promote themselves. Their processing systems are inefficient, and there is a conspicuous failure to listen to supporters. In all, good opportunities exist for the surveyed organizations to pull their socks up for next year's tests, or for other nonprofits to move fifteen minutes ahead.

Or are we really incapable of learning from this kind of thing?

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### I'd be very choosy.

Fundraisers almost never have unlimited resources, so of necessity we have to be choosy. Nowadays, we need to be very selective in where we focus our attention. So I'd concentrate my department's resources finely. My colleagues and I wouldn't be able to build relationships with everyone, so we'd focus our energies and resources on those who really count. Remember, real donors are rare creatures. A real donor is someone who has shown a propensity to support your cause over time. People who have given just once, in my definition, are responders, not yet donors. So we'd aspire to ask fewer people for more money for better reasons. We'd set out to find the real donors, because we know real profit comes from real relationships with real donors.

5

**I'd cut out all short-term thinking,  
including all hard-sell activities.**

Instead, my department would lay solid foundations for a secure and lasting future that's not driven by short-term targets or objectives. I'd start by searching out opportunities for mutual benefit. I'd lay down strategies to develop committed giving and bequest income. I'd banish all high-pressure activities and make sure that my colleagues and I didn't sell to our donors; instead we would work with them and for them, as respected counselors and friends.



Before criticizing someone you should walk a mile in their shoes . . . then you're a mile away, and you have their shoes.

Fundraisers should put an end to the hard sell, lay foundations for the future, and invest in and plan

for the long term. The long-term nature of most fundraising should be made clear to all fundraisers when they join an organization.

6

**I'd switch our organization's contact  
paradigm from *marketing* to *communication*.**

Donors don't like to be sold to. They never did. Effective communications, we are reliably informed by research, build trust and confidence among our donors. And trust and confidence are the foundations of good relationship development. I'd make communication with donors a dialogue, not a monologue. I'd recruit to my team genuine expertise and a track record in effective communication. Our nonprofit's story would get told. And how!

I'd foster the lost art of storytelling and practice *experience fundraising* (see points 37, in Chapter Three, and 80, in Chapter Seven).

Fundraising isn't about asking for money. It's about inspiring people to believe that they can make a difference—then helping them to make it. So fundraising is the inspiration business, and however much we may try to elevate and complicate it, at its heart it is little more than telling stories. I'd encourage all my fellow fundraisers to become master storytellers. Most of the time our donors can't be where the organization's work is, to see for themselves the good work our organization does. So we fundraisers need to be able to take them there in words and pictures, to paint images of our work so successfully in their minds that it will be like the donor is almost there in person, experiencing it for himself or herself.

## 7

**I'd make sure my nonprofit sends only effective, imaginative communications.**

The problem with most nonprofit communications is that they are dull. Given the abundance of colorful, dramatic human interest material with which nonprofits are blessed, this is a shocking admission. Yet sadly it's true. Fundraisers are prolific producers of printed and electronic communications, but the bulk of them are tedious, vacuous, or fit only for the trash can—sometimes all three. Common weaknesses are using too many words, failing to design for readability, and emphasizing what the organization wants to say rather than what the reader wants to read. If you think this a little harsh, send off for the newsletters or annual reports of, say, twenty prominent

nonprofits and see if I'm wrong (see point 63, in Chapter Five, for ideas about comparing your nonprofit to others).

You can't write effectively without also seeing the reader, in your mind's eye at least. Communication is a bit like kissing. It takes two to do it properly.

You should send only communications that will help ensure your supporters

- Are entirely comfortable
- Will grow in their trust and confidence in you and your organization
- Actually look forward to hearing from you
- Hear only about issues and subjects that truly interest them
- Give when you ask
- Feel they are benefiting from the relationship too

It's important that fundraisers become more self-critical of what they produce so they send only creative and effective communications, and that they save the money currently being wasted on inappropriate and poorly constructed publications by not sending them, thus avoiding inflicting unhelpful, unwelcome materials on their dear donors.

- Constantly measure donors' interest in and reactions to what they receive from you. Learn from this.
- Ask yourself whether or not your donors actually read what you send them.
- Never be dull, bland, or unmoving. Communicate with passion. We have the best stories in the world to tell, and the best reasons for telling them.
- Invest in good pictures and in people who can write compellingly, with power and passion.

- Design for readability (see point 55, in Chapter Four).
- Send less but better. Make sure what goes to donors is only the truly excellent.

For more on good communication, see Chapter Four.



### **TO PROVE THE POINT: FUNDRAISING AS MOOSE SPIT SOAP**

Too often fundraising products just don't do "what it says on the wrapper." We fundraisers promise, but we don't deliver. We raise expectations, then we disappoint. Because people are very tolerant of nonprofits, we get away with this for a while. But not forever.

In Canada recently I came across a weird product called Moose Spit Soap. In fact it was labeled "Authentic Wilderness Moose Spit Soap." I was impressed, and as I'd been searching for something authentic and useful (and not too expensive) as gifts for my family and friends, I was on the point of buying several bars.

Imagine my dismay then, when on closer reading of the small print I discerned the legend, "There is no actual moose spit in this soap."

"What," I found myself wondering aloud, "is Moose Spit Soap if it doesn't contain any actual moose spit?"

The answer is simple. It's just plain soap. Too often, that's fundraising. Just plain soap.

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## 8

**I'd make my department a listening and a hearing organization.**

In addition to training myself and my fundraising colleagues in how to provide appropriate yet highly professional levels of service and donor care, I'd make sure we know what our donors want and that we implement what they want us to do. I'd meet and talk to donors at every opportunity. I'd offer our donors a say in formulating our strategies; I'd encourage feedback, comments, questions, and complaints; I'd regularly research current donors' views (and those of former donors too); and I'd survey and measure donor satisfaction. I'd keep simple indices of these findings, which in time would become key performance indicators (KPIs) or even, KDIs (key donor indicators), the regular data I'd use to monitor and report on fundraising performance. I know I'd be ahead in this, because most fundraisers measure their performance only in terms of money received now. (Also see point 66, in Chapter Five.)

In all their communications fundraisers need to switch from monologue to dialogue. In addition to investing effort and resources into knowing and understanding their donors, they should make sure donors don't adopt a passive role but instead can readily become active participants who will get as involved as possible (within their own levels of comfort). This can be achieved by offering donors genuinely interesting and worthwhile involvement opportunities, inviting donors to visit and see your work for themselves, so they really can get under your organization's skin and become not just participants but co-owners of your cause. To achieve this, your organization has to become a listening and hearing organization.

There are six keys to becoming a listening and hearing organization:

- Train frontline personnel.
- Involve donors strategically.
- Encourage feedback, comments, questions, even complaints.
- Undertake regular research—listen particularly to donors and to former supporters.
- Regularly survey donor satisfaction—monitor and report on key indices.
- Don't just listen—really hear what your donors will tell you, and act on what you learn.



If we've been put on this earth to help others . . . what are the others here for?

9

**I'd work on strategies that build our donors' trust and confidence in us; I'd make our nonprofit a model of proactive accountability, to show it is effective and well run.**

This means that in addition to producing the best, most involving, and most welcome communications in all practical formats, my colleagues and I would try to make our communications into models of good stewardship. I'd publish "The Standards We Set Ourselves" in our annual report. I'd offer donors a charter that sets out clearly our organization's commitment to them, explaining how it proposes to be an excellent steward of the funds they entrust to its care. I'd get

these communications to volunteers and other key supporters and constituents too.

Transparent accountability isn't just a duty, it's an opportunity. Demonstrable good governance and open, proactive accountability will be hallmarks of the successful fundraising organization of the future. Increasingly donors expect nonprofits to be fully accountable, and they will come to demand ever more evidence of efficient and effective governance. But it will pay if you don't wait for donors to ask. Demonstrate your good stewardship and commitment to full accountability at every opportunity. Invite and encourage comment and questions. That alone will reassure donors.

The impact of good governance on fundraising can be profound, and it will grow in the future. I'd recommend to my colleagues that they read about the essentials of good governance in such books as Kay Sprinkel Grace's *Over Goal!* (Emerson and Church, 2003) and in my own book on the subject, *Tiny Essentials of an Effective Volunteer Board* (White Lion Press, 2006).

Fundraisers have to champion accountability and take it to their donors. As explained earlier the media are always happy to exploit any hint of poor management or inefficiency from nonprofits, and the public are only too prepared to follow where journalists lead. Yet fundraisers usually have nothing to hide and lots to be proud of. Generally nonprofits do a lot better than the public thinks they do. We need to illustrate our effectiveness and efficiency clearly and to strongly champion these qualities, rather than trying to keep our heads down and hoping questions will just go away. So I'd tell the others in my department:

- Invite donors to ask questions. Make it easy for them.
- Show your donors their file. Offer your donors on-line access to their account and to any other information you hold on them.
- Promote your organization as financially prudent and well run (make sure first that it is). Invite donors to come and see for themselves.
- Make available to those donors that wish to have them the details of your financial systems, risk and impact assessment procedures, and other techniques and systems of good governance. Circulate key audiences (staff, volunteers, and donors who ask for them) with details of what happens at your board meetings, including full minutes (editing out anything of a genuinely sensitive or confidential nature, such as a disciplinary procedure). Many organizations now post highlights of board meetings on their intranet or Web site. Donors, I am sure, will approve.

10

**I'd focus on the major motivations that have attracted donors to our organization's cause in the first place; I'd try to understand these motivations and make the best possible use of them.**

Donors to one organization will often exhibit a varied range of motivations, differing not just from donors to other causes but from other donors to the same cause. After I had identified all the main motivations that apply in my organization, I'd make sure everyone else knows about them too. Then I'd build strategies addressing these motivations and blend them

into our future communications. For example, a nonprofit serving children with a disability may have donors who are there because they have a professional connection, they feel sympathy or pity for the children, they have a family member with this condition, or they are angry that more isn't being done, and so on. Creatively addressing these fundamental yet very different and distinctive motivations will ensure our organization's donors get more from their support of our cause. When this happens, I'm confident our fundraising results will rocket.

11

**I'd have my nonprofit's  
donor database properly profiled  
at least once each year.**

We need to know our donor file inside out so we can make sure we have the most useful information on our donors, what they are doing, and what they are thinking. This information has to be available to us at all times and in ways we can easily access. Very often organizations have lots of information on their donors but don't know how to access it or what to do with it, such as calculating *lifetime giving* (LTG— a donor's giving total to date) and *lifetime value* (LTV— what a donor will give you in his or her lifetime). In my organization, my colleagues and I would use this process to identify the real donors hidden within our file, so we could aim to ask fewer people for more money for better reasons. We would then combine this empirical information with all the other research data we have gathered (see point 8, in this chapter) to ensure that we are doing all we can to optimize and grow all our donors' lifetime values.

## 12

**I'd offer donors and other supporters the chance to choose when and how often they hear from us and what they might want to hear about.**

Which do you think will work best? If we send our donors what we want them to have or if we send what they are willing and happy, or at least prepared, to receive? It's the 90-degree shift again. Donors will always be more responsive when what we send them is what they want to receive.

My colleagues and I would aspire to send donors only what interests them and what they're most likely to respond to. Giving our donors the right choices would enable us to segment our donor file not just by the two traditional levels of segmentation, demographic characteristics and past behavior, but by choice, a third level. We would continually ask our donors what they want and do our best to deliver it.

Giving customers choices has become known as *permission marketing*. A few far-sighted nonprofits have been practicing it for years and getting exceptional results. Nowhere is permission marketing more appropriate than for nonprofit fundraisers.

My colleagues and I would let our approach to fundraising communication be driven by what interests and involves our donors. Giving donors choices is a perfect example of the 90-degree shift. Having made our organization and its offerings as interesting, appropriate, and involving as possible, I'd be confident that our donors would safely and reliably choose for themselves the level of closeness and the

content that would most suit their interest in and capacity for involvement with our cause.

When this strategy starts to work I'll try introducing other choices for our donors, so they can in effect choose their own personal communications programs. I know the technology that makes this possible is getting better and cheaper all the time. And I know donors give much more regularly and more happily when they feel their wishes are taken into account. So this is another area where I'll be able to be fifteen minutes ahead.

Then, with this and all the other learnings I've gathered from the points in this chapter, I'd structure a fundraising strategy that employs the best of current techniques and practices, focusing on fundraising that motivates rather than discourages our donors.

13

**I'd create an environment  
where innovation and creativity  
can flourish, so I could readily develop  
appropriate products and propositions  
designed to suit our donors.**

It pays to offer donors appropriate products they will want to buy. These days, if a nonprofit hasn't got monthly giving, high-value donor (HVD), and legacy products, then it is already behind. Product design and development is a sophisticated field for fundraisers. Most new products fail, and that's as true in the nonprofit world as commercially. But that should never deter fundraisers from investing appropriately in new product development or from learning and borrowing from the experience of others. A vast body of knowledge and experience has

now been built up of what works and what doesn't in fundraising, so this is a good area for creative plagiarism, for borrowing the best of what works for others.

Yet in the world our donors inhabit, lazy, look-alike fundraising abounds. Somewhere in the mists of time (or more likely, at a succession of quite recent fundraising seminars) we fundraisers were taught and came to accept that there are fixed formulas to guide us, that to get the best responses we must slavishly follow the "right" procedures, that to obtain maximum savings and optimum returns our communications have to fit a limited range of standard shapes, styles, and sizes, that what works for one organization will surely also work for another.

They were right, those teachers who propounded these wisdoms. (Though I suspect that many of the fundraising gurus who teach at seminars and workshops also own direct marketing and communications businesses that thrive when fundraisers all blindly follow the conventions of their trades.) Nevertheless, fundraisers all want to minimize costs and maximize returns, so through the processes of testing and plagiarizing we have all wound up copying pretty much what everyone else does. The result for our poor donors (and even our rich donors) is that they wind up getting piles and piles of requests that all look pretty much the same. Yet we know that the beginning of success is to be different; the beginning of failure is to be the same.

On average our donors are quite intelligent people. Ere long they begin to see through our techniques, which are generally pretty transparent, not to say often ham-fisted. Who was it that first imagined donors would be fooled for long by letters that start with that moronic salutation "Dear Friend"?

(OK, Dr. Thomas Barnardo, I have to suppose, whom I mention in point 25 [in Chapter Two]. But I guess even he'd be astounded to find that nearly 120 years after he coined this bland generalization we still trot it out daily, as if there were no permitted alternative. Are we sheep, or what?)

So maybe it isn't sensible any longer to have mailings that look so obviously mass produced, with envelopes with addresses that show through windows or with prepaid bulk postage imprints and carrying letters with lots of short paragraphs, underlining, and indenting and inevitably all ending with at least one postscript (better known as the PS). We should acknowledge now that the majority of our donors and potential donors are perceptive enough to see through such artifice.

From any viewpoint, nonprofit organizations constantly need to be reviewing the products and propositions they offer donors, even if it's just the continuing efficacy or otherwise of the basic proposition "give us your money."

There's ample evidence around to show that those organizations that have embraced R&D, as it might be called in corporate businesses, and offered their donors appropriate new products and propositions have prospered disproportionately. Think of child and animal sponsorship, monthly donor schemes, bequest giving clubs, and so on.

Think too of the prizes that might come to those who do things differently, who innovate, who stand out from the herd . . . and not just in format (it's often quite hard to break from the conventions that have been imposed upon us). We can also be imaginative in offer and in audience and always in how we present our message, in our creative treatment, and in how we tell our stories.

No doubt, in fundraising it pays to be first, as I'm sure fundraisers down the ages have known well. But it also pays to move on. Those organizations that first experimented in off-the-page advertising did spectacularly well in Britain in the 1950s and '60s. The pioneers of direct-mail fundraising in the United States and the UK during the 1970s and '80s built massive donor lists that are now the greatest of assets for these far-sighted fundraisers. Those first in telephone fundraising cleaned up, whereas the entrepreneurs who gave us direct dialogue, better known in most of the world as face-to-face fundraising, very quickly and cost effectively recruited hundreds of thousands of regular monthly donors and raised millions of dollars, pounds, or euros for the causes they represent. Those in the vanguard of the new communications revolution (see point 58, in Chapter Four) will most probably reap similar benefit.

Undeniably, spectacularly glittering prizes await successful innovators in fundraising. But fundraisers also are a cautious lot and adequate budgets for research and development are not often to be found in the nonprofit world. This won't do. Fundraisers have to innovate fearlessly and constantly. More alarming is the culture of *heads down* that pervades, the fear of being different, and the almost irresistible compulsion to be the same.

Given the urgency of our causes, such conservatism is unforgivable. We should reject totally a culture of caution and instead build for ourselves environments that are in constant turmoil, where change and invention are nurtured and encouraged, where innovation is honored, even revered, and where *wrong* is not necessarily a bad place to be. This may require a

new approach to budgeting. The innovation culture's understanding of failure is totally different from that of the operation's culture. In the innovation culture each failure takes us a step closer to ultimate success. Donors need to understand this and to be a part of it. (They often are—and enthusiastically so. In America these generous, rich, and far-sighted people are referred to as *entrepreneurial donors*, or even *philanthpreneurs*. Maybe that is going a bit too far. . . .)

I'm not suggesting we sink all our resources into the search for innovation. Ten or even 5 percent of net income would do. Actually, for most organizations even 1 percent would be nice. Provided that along with the cash would come a commitment to change current organizational thinking and to elevate innovation and all that goes with it to its proper place. If it's really committed to be the best in this area, the serious non-profit will regularly review the people in charge of the innovation process and determine how well it encourages staff to collaborate on product and service improvements, generates and captures new ideas, bounces back after a wrong decision, and measures up to competitors and their innovations. This is not an area for the faint-hearted. (See also my connected comments on risk taking in point 75, in Chapter Six.)



**TO PROVE THE POINT:  
THE DELIGHT OF  
DOING WITHOUT**

Although I'm an eager advocate of positive change and appropriate innovation, I have to confess I'm a little disillusioned with the so-called technological advances of recent years. Perhaps the real wonder of modern gadgetry and

gimmickry is how good you feel when you do without them. This reminds me of the story of the rabbi and the poor man who lived in one small room with his wife and three children.

“I can’t stand it!” wailed the man. “What can I do?” The rabbi told him to get a dog. The dog barked at the children and messed up the floor. Then the rabbi suggested he get some hens. The dog chased the hens, which frightened the baby. “Get a goat,” insisted the rabbi. And so on, until the rabbi added a horse, and the whole thing became completely impossible. “Now, get rid of them all,” said the rabbi, “and tell me how you feel.” “It’s wonderful!” cried the man in gratitude. “There’s just me and the wife and the children, and we have the whole room to ourselves.”

Possibly the gadget we really need is the one that we can program to get rid of all the others.

All progress may indeed be in the hands of unreasonable people, but it seems to me that the rest of us should reserve a healthy skepticism for all changes and supposed advances. I’ll underline this point by quoting, from a perhaps unlikely source, an argument that questions the basis of our enthusiasm for change and innovation:

“Advances—what advances? The number of hours women devote to housework has not changed since 1930, despite all the vacuum cleaners, washers, dryers, trash compactors, garbage disposals, wash-and-wear fabrics. Why does it still take as long to clean the house as it did in 1930?”

“It’s because there haven’t been any advances. Yet 30,000 years ago when men were doing cave paintings at Lascaux, they worked just 20 hours a

week and the rest of the time they could play, or sleep, or do whatever they wanted” [mathematician Ian Malcolm, a character in Michael Crichton’s *Jurassic Park*].

Evidence perhaps that in reality we have made no progress whatsoever. But I suspect that 30,000 years ago, while the men had all that time to play, sleep, or whatever, the women still had to spend just as long doing the housework. *Plus ça change . . .*

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14

**I’d make our organization  
the best communicator anywhere.**

Effective communication is so important for fundraisers I’ve devoted a whole chapter to it in this book (see Chapter Five). So as the new head of our fundraising department I’d study thoroughly the ever-increasing and improving options for the



We don’t stop  
playing because  
we grow old . . . we  
grow old because  
we stop playing.

new customer relationship management (CRM) technology that’s just around the corner for fundraisers. At the right time for our organization, I’d invest prudently in it. These new communications systems (which in the future may not be called CRM because of the negative associations

that often surround that term) will transform the way fundraisers deal with donors, just as the development of electronic databases transformed fundraising potential twenty years or so ago. But I’d hope not to forget that this leap forward will have less

to do with technology, more to do with processes, and much more to do with people. When installing donor databases some years back, many fundraising organizations got it badly and expensively wrong (for a variety of generally not very good reasons, largely to do with a failure to anticipate needs properly and a reluctance to invest sufficiently). My colleagues and I would have a chance now to learn from the past and so get it right this time. We'd take the decision carefully and thoroughly of course. But I'd make sure we took it bravely, so that our organization could stay that all-important fifteen minutes ahead. And so we could treat our donors exactly as we'd wish to be treated ourselves.

## 15

### Finally, I'd give a little bit extra.

To stand out you have to be outstanding. So in fundraising it pays to go further than expected. My colleagues and I, therefore, would always offer a bonus, particularly but not exclusively when dealing with donors one-to-one. We'd have competitions to see who could come up with the most cost-effective and original extra mile that we could go for our donors.




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**TO PROVE THE POINT:  
WHERE RADICAL, ADVENTUROUS,  
YET THOROUGH GIVING  
BECOMES NORMAL**

A new phenomenon is springing up in villages, towns, and cities across the land, heralding the arrival of a new kind of donor brought in and sustained by a new format and even a new kind of giving.

This innovation is known as the *giving group*, sometimes also called a *giving club* or a *giving circle*. There are few rules and prerequisites. A giving group is set up when neighbors, colleagues, friends, or whoever get together to form themselves into a donating entity so they can more easily choose, monitor, and maintain their giving. Usually, members of giving groups are anxious to ensure that their giving is appropriate and effective, so their combined strength as a group ensures a demanding and thorough but potentially very dedicated and loyal supporter. These groups are looking for fundraisers prepared to routinely go the extra mile to give them what they want. But they will make it very worth the fundraiser's while.

One group of my acquaintance includes my friend and colleague John Grain, a professional fundraiser with seventeen years' experience, now working as director of stewardship with the Cascaid Group in Reading, UK. John recently asked each of the members of his group to list the major reasons why he or she is a donor. They came up with eight, in no particular order.

I want to be recognized and valued for my gift.

I want to feel good about giving.

I want to know how my money will be used and what difference it will make.

I want to be inspired.

I want to feel involved, a part of something.

I want to be impressed, so I can tell others about the cause and recruit them to support it.

I want you to ask my opinion.

I want to know that you listen to me.

Providing imaginative answers to these needs is the way forward for fundraisers. John's group will be asking all the organizations to which they donate to meet these donor interests. Group members will expect prompt and appropriate acknowledgments and thank-yous; great newsletters and reports; swift and relevant feedback; the chance to supply input, to be asked and listened to; proactive accountability; invitations to events and projects; and the opportunity to see for themselves the impact of their giving.

I venture to suggest that before long John's group will become a very good donor: rigorous, supportive, and tolerant but ultimately uncompromising. If fundraisers for the causes the group chooses don't deliver, they won't get the group's support, at least not for long. This, I think, will be a very, very good thing.

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