

UNLOCKING THE MYSTERY

Starting, Keeping & Growing Donor Relationships

Chester County Community Foundation

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WHAT YOU WILL LEARN

1. **Relationship-Based Fundraising:** Role & importance in the Development Program.
2. **Relationship-Building Process:** How to begin, foster & build Donor Relationships.
3. **Donor-Relationships:** Understand “giving” from the donor perspective.
4. **Donor-Centered Environment:** How to create structure & strategies to begin, foster & build donor relationships.



Relationship-Based Fundraising

DEFINITION

- A collaborative, highly-personal process resulting in a **mutually-satisfying relationship** between the organization & donor.
- Based on mutual respect, personal knowledge, and addresses donor needs & interests.
- Fosters “**engagement & ownership**” by the donor & a shared commitment for the ultimate success of the organization.
- Creates an environment that builds teamwork & honest communication between donor & organization.



TEAMWORK

“Teamwork is the ability to work together toward a common vision - to direct individual accomplishments toward shared objectives. **It is the fuel that allows common people to attain uncommon results.”**

Andrew Carnegie

CORE PRINCIPLES

- An organization must seek **major gifts** in order to secure significant charitable funds.
- Donors give & continue to give larger gifts when they have a **meaningful relationship** with the organization.
- Successful relationships are based on a continuing **learning process** between the donor & organization & require time & commitment.
- Relationship-building needs a clearly defined **purpose or catalyst** foster momentum.

OUTCOMES

- **Greater levels of support by current & new donors.**
- **Transition of top-level annual donors to long-term major donors**
- **Engagement of donors who will invest for the long-term.**
- **More meaningful donor involvement leading to greater levels of donor satisfaction & support.**
- **Increased professional effectiveness, higher performance standards & increased personal job satisfaction.**
- **Achievement of higher goals & increased philanthropy.**



PROGRAM FOCUS

80% of Funds come from 20% of Donors (Relationship-based)

- Major Gifts, Campaigns, Planned Gifts
- Requires Fewer Resources
- Donor & Volunteer Focused
- Lower Costs & Highest Returns

20% of Funds come from 80% of Donors (Arms-length)

- Direct Mail, Events, Phonathons
- Labor & Resource Intensive
- Staff-Focused
- Higher Costs & Limited Returns



DIRECT-MAIL REALITIES

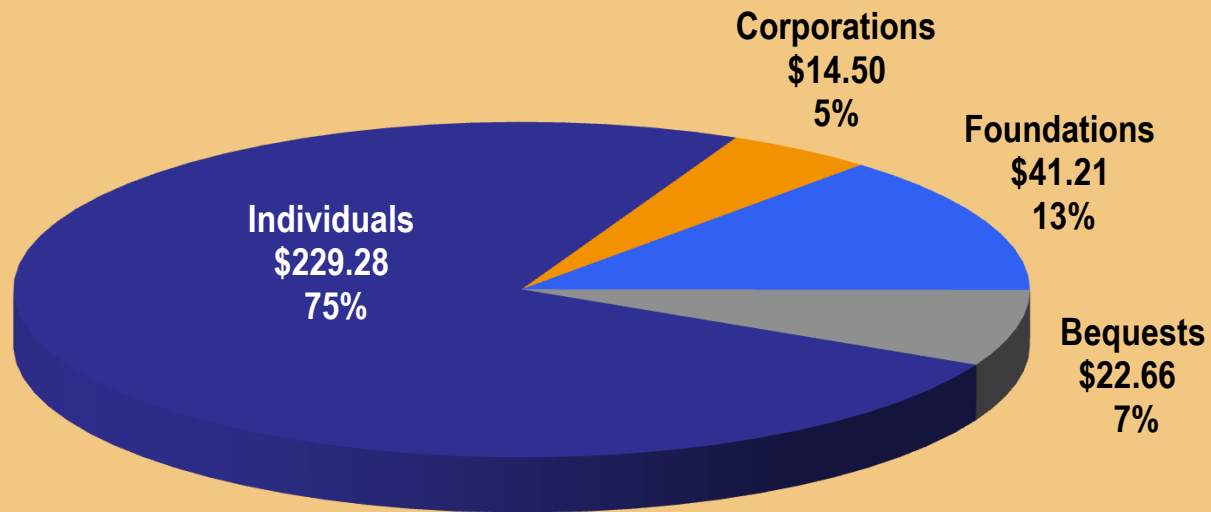
- **50% of donors** do not renew their gifts after their first contribution.
- A **30% attrition rate** after the second gift is common, followed by a **20%** attrition with each subsequent appeal.
- On average, by the fifth appeal, **90% have stopped giving.**
- Donors stop giving because of lack of meaningful information or feeling that their gift is not appreciated.

Burk, Penelope. Donor-Centered Fundraising.

2008 CHARITABLE GIVING

All Giving is Individual Giving

Total = \$307.65 billion (\$ in billions)



Source: Giving USA Foundation™ / *Giving USA 2009*



FOCUS ON RESULTS

**Successful fundraising depends upon
where you focus energy, resources & attention!**



Focus on 80% of donors who give 20% of funds.

Focus on individual, relationship-building strategies.

Focus on programs that lead to higher outcomes.

BARRIERS

- Face-to-face, personal relationships with people of affluence & influence may be uncomfortable.
- Organization reluctant to share ownership & control in a process that is donor-directed, not staff-directed.
- Inability to be responsive to the ideas, needs & direction of donors & volunteers.
- Lack of understanding & commitment to relationship-building process.
- FEAR ... of asking... of failure...of embarrassment... of rejection...of obligation...of doing the wrong thing.



Relationship-Building Process

RELATIONSHIP CONTINUUM

Lowest Commitment
Lower Dollars



Greatest Commitment
Highest Donors

Single Gift \$	Repeated Gifts \$\$	Increased Gifts \$\$\$	Gifts & Involvement \$\$\$\$
Casual Acquaintance	Concerned Friend	Thoughtful Supporter	Committed Donor
One or two low-level gifts	Regular patterns of giving over a period of time	Increase in dollar amount & gifts to special projects	Larger gifts & personal involvement

RELATIONSHIP PROCESS

- 
- (1) **Discover** Find “likely” prospects
↓
 - (2) **Evaluate** Understand donor motivations & needs
↓
 - (3) **Cultivate** Build relationships to foster “ownership”
↓
 - (4) **Solicit** Ask for gift & develop true partnership
↓
 - (5) **Steward** Foster continued involvement & support



RELATIONSHIPS: AN ART & SCIENCE

SCIENCE is found in the identification & research of prospects for strategy development.



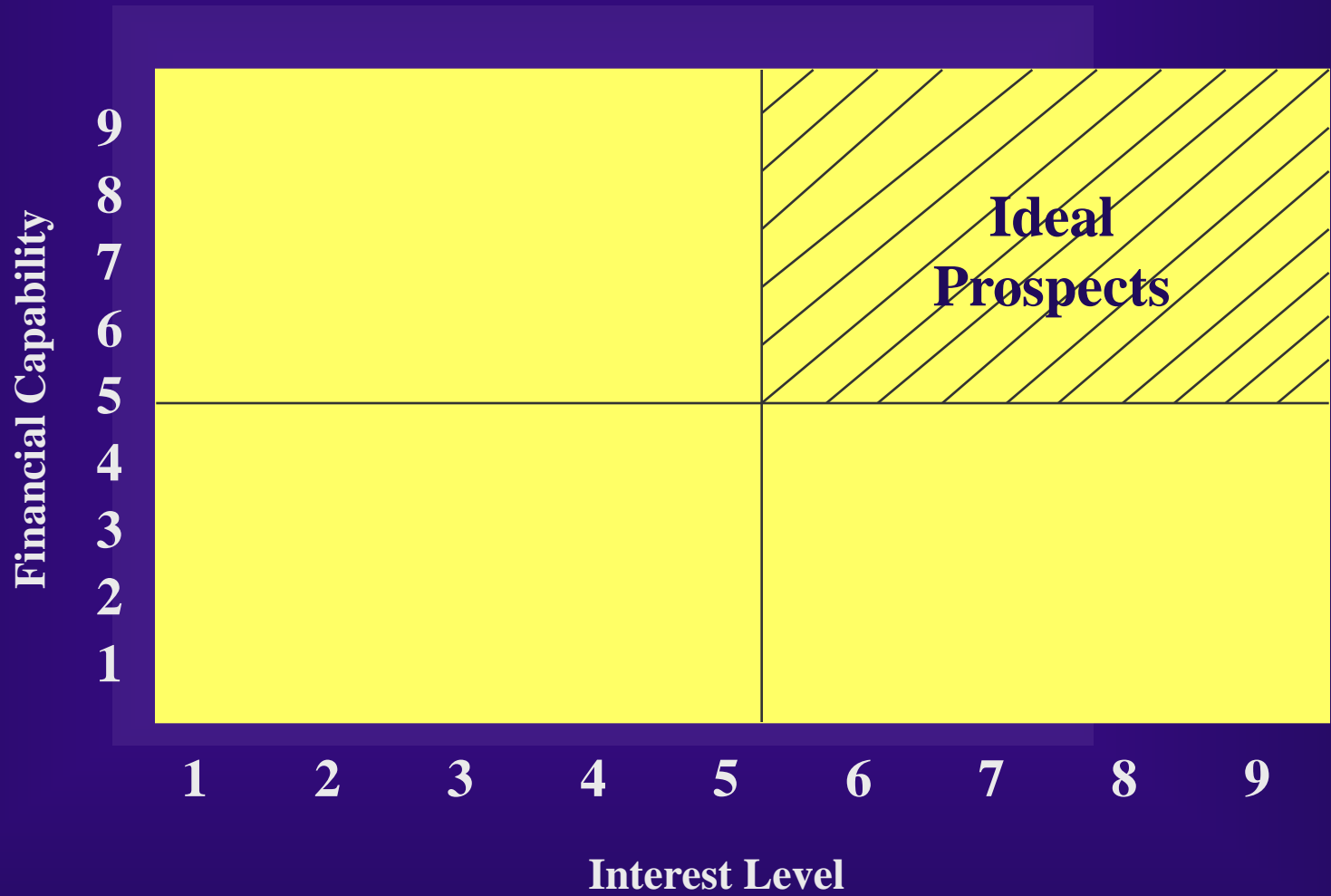
ART is found in the cultivation & ongoing stewardship of relationships with donors and prospects.



THE “SCIENCE”

Identify, Profile
& Evaluate

DISCOVER





IDENTIFY

1. Actively involved in organization (*Ownership*)
2. Some relationship; but not active (*Re-engagement & Cultivation*)
3. Natural inclination toward cause; no relationship (*Intermediaries*)
4. Active in not-for-profits; no relationship/interest. (*Leverage*)
5. Capacity to give; no history of giving or relationship (*Long-shot*)



PROFILE

- **Does the prospect have history with organization?**
- **How did donor begin supporting organization ?**
- **Why would prospect want to support organization?**
- **What is the capability of the prospect & patterns of giving?**
- **What motivates the prospect to give?**
- **What is the donor's need for involvement & recognition?**
- **What does the prospect expect from the organization?**
- **Does the prospect have leadership potential? How?**



UNDERSTAND

Seven Faces of Philanthropy

1994 - Russ Alan Price & Karen Maru File

1. **COMMUNITARIAN** “Doing good makes sense.”
2. **DEVOUT** “Doing good is God’s will.”
3. **INVESTOR** “Doing good is good business.”
4. **SOCIALITE** “Doing good is fun.”
5. **REPAYER** “Doing good is giving-back.”
6. **ALTURST** “Doing good feels right.”
7. **DYNAST** “Doing good is family tradition”



WHAT DONORS WANT

- **To understand how their gift will be used.**
- **A strong & moving Case that addresses their interests.**
- **To know that their gift has impact - to feel meaningful**
- **A solid plan for meeting goals & completing defined work.**
- **To be part of a “winning team.”**
- **Evidence of other support & equity among peers.**
- **Strong leadership & solid business planning.**
- **Recognition of their gift - but not always publicly.**
- **Avenues for involvement & meaningful participation.**



THE “ART”
Cultivation, Solicitation
& Stewardship



CULTIVATION

**Cultivation is the process of establishing
& deepening a relationship between the
donor & the organization**



It is very personal & imprecise!



CULTIVATION

- Primary means of fostering “engagement & ownership.”
- Expands reach of organization to new prospect pools.
- Essential to Board recruitment & major gifts.
- **Cultivation is NOT solicitation.**
- Follow-up is as important as process.
- Peer level volunteers are essential.
- Organizational leadership must participate.
- Development Officer facilitates & coordinates process.



TYPES OF CULTIVATION

- **INDIVIDUAL CULTIVATION** – Highest impact; ideal for major donors & board or leadership recruitment.
- **GROUP CULTIVATION** – Process of introduction but needs follow-up on an individual basis to be effective.
- **EVENTS/ACTIVITIES** – Introduces prospect to organization, but “host” individuals need to be assigned & key prospects followed-up on an individual basis.



ROLES IN CULTIVATION

- **FACILITATOR** – Makes initial contact with prospect, introduces prospect to organization & participates in cultivation & solicitation.
- **AUGMENTOR** – Person representing the organization that has influence on the prospect by status or position.
- **CLOSER** – Individual of personal meaning & significance to prospect who participates in cultivation.
- **COORDINATOR** – Catalyzes & organizes the process, working with the prospect, leaders, facilitators & assures that follow-up occurs.



CULTIVATION MEETINGS

- Meetings work best over food.
- Leadership participation & peer-level volunteers are critical.
- Conversation is 80% small talk – **THE “ONIONS”**
- **GET PROSPECT TO DO “JUST ONE THING”**
- Follow-up is as important as the cultivation event.
- **THANK, THANK, THANK!**
- Development Officer facilitates, moves & fosters process.



JUST ONE THING....

- **Identify potential leaders/askers/donors.**
- **Participate in recruitment activities.**
- **Participate in a program.**
- **Assist with prospect evaluation**
- **Provide prospect information.**
- **Review materials & approach.**
- **Open doors to prospects.**
- **Join in a future prospect visit.**
- **Advise on strategy.**
- **Serve on Board or Committee.**



SOLICITATION...

**Solicitation flows naturally from the cultivation process
& reflects a deepening of the relationship
between the donor & organization.**



People give to people!



WHY DONORS GIVE

- 1. BECAUSE THEY WERE ASKED**
- 2. Relationship with Organization**
- 3. Relationship or Commitment to Solicitor**
- 4. Concern for Mission or Cause**
- 5. Prestige & Recognition**
- 6. Embarrassment at Saying “NO”**
- 7. Tax & Financial Reasons**



IDEAL SOLICITOR

- **Knows the prospect personally.**
- **Respected & admired by prospect.**
- **Has done a personal favor for the prospect.**
- **Has given when the prospect asked.**
- **Is a known philanthropist.**
- **Believes fervently in your organization or cause.**
- **Is comfortable asking.**



SOLICITATION STRATEGIES

- **Inspired Solicitation.**
- **Social Responsibility Solicitation.**
- **Leveraged Solicitation.**
- **Quid-Pro-Quo Solicitation.**
- **Goal-Oriented Solicitation.**
- **Membership Solicitation.**



SUCCESSFUL SOLICITORS

- ✓ **GIVE** – before they ask.
- ✓ **BELIEVE** – in the cause.
- ✓ **LISTEN** – not talk.
- ✓ **NEGOTIATE** – not intimidate.
- ✓ **PERSISTENT** – not overbearing.
- ✓ **POSITIVE** – not negative.
- ✓ **GRATEFUL** – not greedy.



THANK, THANK, THANK

- The “thank you” is most important communication with donor.
- An excellent letter can begin & strengthen a relationship.
- Letters should illustrate personal knowledge of the donor.
- Letters should be sent no later than 24-48 hours after gift receipt.
- Letters should be warm & personal & make the donor feel good about giving.
- Thank you calls can be made as well as thank you visits.
- Always thank the intermediary, as well as the prospect/donor.



STEWARDSHIP

- **Relationship-building is a process of ongoing communication.**
- **Donors want to hear from us, not just when we solicit.**
- **Donors “burn-out” because we do not make them feel appreciated or meaningful.**
- **Donors need to know how their giving has impacted the organization.**
- **Keep donors involved & aware through personal contact.**
- **Find opportunities to engage & involve the donor.**



OPPORTUNITIES

- **Candidate for Board Member.**
- **Leadership on campaign or other fund raising initiative.**
- **Participation on fund raising committees or activities.**
- **Direct hands-on service.**
- **Participation on other organizational committees or works.**
- **Community advocacy.**
- **“Networker” or resource person.**



Donor-Centered Environment



THE WINNING FORMULA

1. **Compelling Purpose** – Define a strong & moving Case for Support with specific goals & strategies.
2. **Strong Players** – Identify & research people of affluence & influence who can give & ask for major gifts.
3. **Effective Strategy** – Develop a structure that provides ample opportunities for engagement & “ownership.”
4. **Meaningful Relationships** – Implement a cultivation & solicitation program specific to each donor.
5. **Faithful Stewardship** – Provide timely follow-up & maintain meaningful communications with donors & prospects.



SO, WHAT NOW...

- **Prioritize activities to allow time for relationship-building.**
- **Focus on starting, keeping & maturing donor relationships.**
- **Use annual giving, events & activities as the start of a relationship-building process.**
- **Assess donors for capability & focus relationship-building strategies on those with the greatest potential.**
- **Understand “giving” from the donor’s perspective & find ways to meet donor needs.**
- **View yourself as the facilitator of a team effort.**



A FINAL THOUGHT...

**“Keep your eyes on the stars....
and your feet on the ground”**

Theodore Roosevelt