

Annual giving vs giving annually

Annual giving guru Bob Burdenski suggests some ways to improve your program.

A time-honored component of fundraising programs at schools, colleges and universities in the US is the annual giving program. In many ways the “front door of philanthropy,” the annual giving program is how alumni, parents and friends often make their first gifts to an institution.

Usually some combination of direct mail, telephone solicitation, personal visits and increasing use of email and web-based appeals, an annual giving program is the way that many institutions identify the prospects that “raise their hands” and demonstrate their interest in an institution’s educational work and vision.

As the name suggests, annual giving programs don’t simply seek to maximize total funds raised each year, they seek to develop *annual* givers. And with good reason. Stanford University recently discovered that 75% of its \$1 million donors were first donors to the Stanford Fund annual giving program.

Likewise, the University of Michigan discovered that two-thirds of its \$10,000+ donors had a nine-year (or longer) giving history before they ever made a 5-figure gift to the university.

Many donors who remember institutions via their estate after their death weren’t *big* donors to the school during their lifetime, but many were *loyal* donors.

Every day after lunch I go looking for a can of Coca-Cola to give me the lift that gets me through the afternoon. I’m not sure if I really need one every day or not, but it’s long been a habit. I just do it.

What makes Coca-Cola a valuable company isn’t all of its bottling plants around the world, or its secret recipe. What makes the company valuable is the fact that someone can calculate just how much I and all of the other loyal Coke drinkers are worth in *future* consumed Coca-Cola.

It’s a good lesson for your annual giving program. In some ways, our approach to “annual giving” is often a contradiction. While we strive

to encourage donors to make consistent annual gifts to our institutions, our goals, measures and methods often focus on single, immediate gifts instead of the effective development of an ongoing giving behavior. We have a deadline for this year, and a goal for this year, and we don’t always think enough about what happens after that.

Annual giving directors are often motivated – and evaluated – by short-term goals, yet ironically, it’s their success at teaching long-term behavior that will make their annual giving program great. How do you use the annual giving program to teach your donors to give annually? Here are some thoughts:

1. Understand your donor retention numbers. The most successful annual giving directors know that they’ll hit their big number fundraising goal if they hit the little numbers first. And that includes their donor retention rate. Most programs spend an awful lot of money on acquiring new donors, only to have the majority walk right out the door.

In the US, colleges and universities typically lose two-thirds of their first-time donors the following year, and for other types of organisations it’s often worse. Only by understanding your retention numbers will you understand clearly why it’s so important to improve them.

2. Make a case that’s worth supporting every year. It’s easy to throw every urgent argument at a prospect about why they ought to make a gift to your school right now. It’s more difficult to articulate the need for *annual* gift support. I don’t think our schools, colleges and universities should be suggesting that they’re always about to close up shop without immediate help.

The College of St. Katherine in Minnesota sent a successful annual giving appeal that invited prospects to “Celebrate a Great St. Kate.” It wasn’t the college’s birthday, and the college wasn’t in any trouble – it was simply asking people to “raise their hands” and show

their love for the College of St. Kate through their annual gift. It’s not a *charitable* gift request as much as it’s about a philanthropic *statement of support*. It’s an important reason why many American educational institutions enjoy such fundraising success.

People are more likely to support a good university that aspires to become a great university. Excite them with your ambitions instead of alarming them with doom and gloom. The donors that “raise their hands” are the ones that will stay.

3. Avoid making premium items a habit. In contrast to other types of nonprofit organisations, schools, colleges and universities enjoy the luxury of some built-in prospect audiences. For those organisations not so lucky to have alumni, incentives and premiums can help to motivate a first gift, and can help identify just who their interested constituents are. (In the US, public television stations are famous for offering music CDs, coffee mugs, canvas bags and all sorts of other things as incentives to potential donors.)

Be careful not to train new donors, however, that their giving should always be on the basis of what “compensation” they receive in return. Offering gift premiums will help boost your gift response rate, but they may not (by themselves) effectively teach the alumni giving habit we’re looking for. Think strategically about how you convert these premium lovers into true philanthropic lovers of your organisation and its educational work.

4. Show your donors they’re in a relationship with your organisation. Annual giving directors are often guilty of focusing on donor transactions to the neglect of donor relationships. For many donors, annual gifts reflect a desire to be identified as a supporter of your organisation. If they don’t “feel the love” in return, they’re likely to find someone else to identify with.

“The only time I ever hear from that organisation is when they’re asking me for money” is the complaint that’s often heard, and if it’s their perception, it’s your reality. Email and the internet have liberated stewardship efforts previously limited by printing, postage, and function budgets.

The University of California now emails a quarterly briefing to annual giving donors from the chancellor with information about the latest campus news, how gifts are being put to good use, and a reminder of just how much the university loves them.

5. Facilitate ongoing gift support. One US university was alarmed to find that most of its lapsed donors considered themselves to be current donors when they actually hadn’t given in several years.

Smart annual giving programs have paid attention to giving frequency for a long time, but new online giving tools can help to facilitate ongoing, recurring gifts to your organisation more easily than ever. Donors who make smaller, regular gifts to your institution will typically give more, and give longer, than the most loyal once-a-year contributors.

Plenty of gifts don’t get made each year because of lost pledge cards and unanswered phone calls. One strategy for increasing donor loyalty is to help donors more easily make their gifts – again and again.

Stanford University is just one of an increasing number of US colleges and universities that easily allow donors to set up recurring gifts via an online giving page. If your gift-receiving processes are predominately paper partial, be careful that your donors’ giving methods are changing while your gift receiving methods aren’t. ■■■■



Robert Burdenski is the principal of Robert Burdenski Annual Giving, a specialist US-based fundraising consultancy



Pick us for fresh and bright design

Need a fresh look for your communications? Try our bright, inviting approach to creative services for concepts and design through production. For a refreshing new look – pick us.

www.GRAPHIC-INNOVATORS.com.au 02 9261 3222