

## **Secrets of Keeping Your Donors Week One**

**by Mazarine Treyz, Founder, [WildWomanFundraising.com](http://WildWomanFundraising.com)**

## ***Secrets of Keeping Your Donors Week One***

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# Introduction



Thank you so much for being part of the Keeping Your Donors eCourse!

**NOW STOP.** Before we go any further, you need to do this one very important thing. **PRINT THIS E-COURSE OUT.**

If you don't, it could very well sit on your computer and never get used.

And that would be sad.

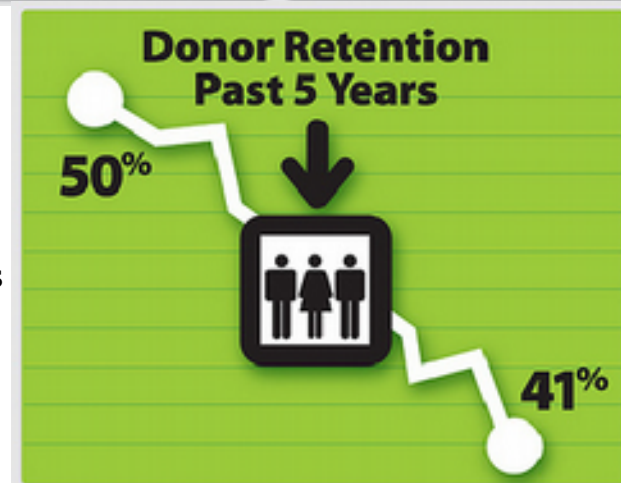
Because losing your donors is an inevitable fact, but losing nearly all of them is preventable.

Just this one step could save you so much time and energy of trying to get donor retention back again.

I mean, look at us, Commercial business customer retention is 94%  
Nonprofit retention is 41%.

Not only that but it's dipped from 50% to 41% in the last 5 years!

And you might think, oh, we'll just get new donors every year, we'll be fine.



Yeah, well new donor retention is just 27% versus 70% for repeat donors!

Does this convince you yet that keeping donors pays off?

Furthermore, only 16% of donors gave more from one year to the next.

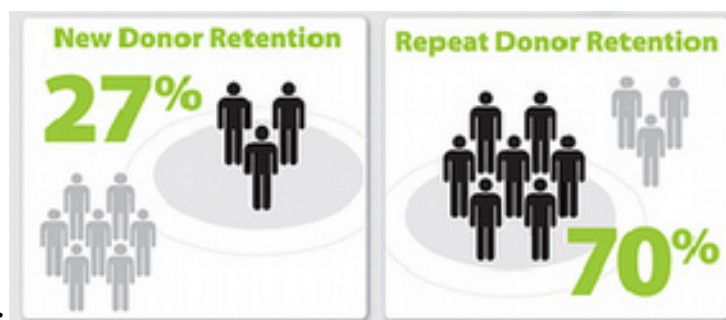
We have got to do better!

And I'm glad you're on this journey with me to keep your donors.

I hope by now you see what the odds are, but consider this. Most people aren't thinking about donor retention. You are going to be so ahead of the game if you even implement half of what you'll learn in the next four weeks.

In this first week, we'll be going over what your attrition rates look like right now, and identifying your most loyal donors.

So without further ado, let's begin!



## What is stewardship and why should you care?

Stewardship is a verb. You can't just write a thank you note and say, okay, that's it.

I'm done with stewardship!

NAILED IT!

Nope. Stewardship is something you have to keep doing, over and over, if you want your nonprofit to retain donors.

Each time you write a thank you note, make a thank you call, remember a donor's birthday, say hi on Facebook, invite your donor to an open house or any number of other activities to help donors feel engaged and connected with your cause, you are planting seeds that will help your donors come back again and again.

Of course, you can't remember to all of this at once to every donor you're trying to cultivate. That's why it's good to have a system and a database that reminds you to do these things.

### **First of all, why do your donors start to give in the first place?**

- I believe in the charity's cause (65%)
- I want to help make change happen (30%)
- I have friends or family who support this cause (20%)
- I know someone who has received services from this organization in the past (19%)
- The charity asked for my help (18%)

[-Nonprofit Donor Engagement Benchmark Report 2012](#)



## ***Why do your donors leave?***

1. Thought the charity did not need them 5%
2. No information on how monies were used 8%
3. No memory of supporting 9%
4. Never thanked for donating 13%
5. Poor service or communication 18%

- Data from Adrian Sargent & Elaine Jay, Authors, Building Donor Loyalty

How can good stewardship solve the problem of your donor thinking you don't need them?

When you keep communicating with donors, sharing your gratitude and how they make it all possible, they will know that you need them. Share with them threats to your mission new and old. Share with them what their donation has accomplished, and remind them what happens when your nonprofit is not there.

If a donor doesn't get information on how their money was used, well, the solution is to share on your website, and in your communications exactly where the money is going.

If your donor was never thanked or has no memory of supporting you, it's because you don't have a thank-you series in place. It's not just one thank you letter or automated email anymore. You need to create a series of communications to keep your donor engaged. Maybe first they get a thank you letter, then they get an email thanking them a week later, then a email survey, then an enewsletter. This can be automated.

**And if you do all of the above, it's unlikely your donor will feel there was poor service or communication.**

We know the data, on average we can lose between 30- 80% of first time donors while the commercial sector lose only 6%. Only a limited number of existing donors (20-30%) give more than once a year.

This course will help you figure out which donors are the most loyal, who you want to cultivate, and how to lower your attrition rates. First, we have to establish a baseline.

## ***What are your donor retention rates right now?***

### **How do you calculate this?**

[Click here](#) to download your sample attrition and retention calculator as an excel spreadsheet.

[http://www.wildwomanfundraising.com/wp-content/uploads/2013/03/Acquisition\\_and\\_retention\\_rate\\_calculations.xlsx](http://www.wildwomanfundraising.com/wp-content/uploads/2013/03/Acquisition_and_retention_rate_calculations.xlsx)

You don't have to have the last 10 years of donor data in there, but the last 3 years would be ideal.

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Remember, good customer service is often just deciding what you're going to be bad at, so that you can focus on the things that matter.

- *Uncommon Service, by Frei & Morriss*

# Starting with current donors: Who are your most loyal?

**Bottom line:** You don't want to cultivate everyone, just the most valuable donors from the last 2 years.

For us hardworking fundraising professionals and founders, we need another task like we need a hole in the head. We're already doing the grants, appeals, a ton of events, trying to get sponsorships, annual reports, and more, right?

Luckily ,cultivating your donors doesn't have to take up as much time as you might think, if we focus on the most loyal donors.

Why would you want to focus on your most loyal donors?

Because this is not only going to dramatically increase your chances of success in creating deeper relationships (since they've already showed you they care by giving to you consistently).

Focusing on loyal donors will also make you less crazy. Why? Because instead of focusing on 2,000 donors, you can have a portfolio of 50 donors that you're getting to know.

## **How to identify your most loyal donors:**

- People who give multiple times per year
- People who have given once a year for the last 2+ years
- Monthly donors/Major donors
- Volunteers (from the last 2 years)

Can you take that spreadsheet you just worked on, and tag the people who fulfill these criteria?

Once you get a sense of who your most loyal donors are, this whole "stewardship" and "keeping your donors" thing is going to seem a lot more manageable. Picture finding 50 donors out of 5,000 that you want to cultivate. That's manageable.

**According to Loyalty 3.0 by Rajat Paharia, there are 4 phases as you start to increase your loyalty.**

**i. Plan.** First, know where you are. Then identify where you want to be, and how long it's going to take to get there. More on planning below.



**2. Design.** What are the components of your donor loyalty program? Email? Thank you notes? Phone calls? Little presents? Are you consciously moving people up a ladder of engagement with your nonprofit? What are the rungs on this ladder? And how will you keep track of these moving pieces?

**3. Build.** Now that you've designed your program, build it. Make that donor retention calendar. Make the communications more donor-centric. Appreciate them. Build appreciation into your week. Have a thank-a-thon. If you're a national or international nonprofit, have a conference call where they can ask questions of senior leadership. Survey your donors. Find out where they're falling through the cracks. Get out of the office every week and have coffee with **as many donors as you can.**

**4. Optimize.** Now that you've got your ladder, how do you track when people fall off? How can you replicate the steps that take people to the top? Can you document each step that they take to get there? Can you automate those steps as much as possible?

So where do you go from here?

Let's start with planning. Planning consists of:

1. **Identify the problem:** in this case-donors are not renewing their support. How many donors, exactly? Don't be satisfied with percentages. How many donors did you lose in 2012? In 2013? How can you improve those numbers?
2. **Identify your audience:** Which donors? Which level will you focus on? When did they last give? And what prompted them to give? Your event? An email ask? A friend? Something else?
3. **Identify the desired audience behaviors:** Have them keep donating to you, but also coming to your open house, opening your newsletter, and telling their friends about you.
4. **Establish your key performance indicators:** Not JUST donations but email opens, clickthroughs, numbers of people coming to your events, other?

5. **Create a mission statement:** We love our donors and we show it by telling them how we use their donation, calling, emailing, inviting them to our events, and appreciating them in our communications.
6. **Understand the playing field:** Donors are not giving because it's not urgent enough to give to your cause, or you didn't thank them enough, or they are being asked by other nonprofits more than you. Or all three! So how can you improve these issues? Don't think you can go from 5% donor retention to 100% donor retention overnight. You need to know how much to expect. More on this below.
7. **Calculate the return on investment.** Adrian Sargeant says “a 10% increase in donor retention can increase the lifetime value of your donor database by 200%.”
8. **Sell it to internal stakeholders.** Keeping your donors will take way more effort on your part. You'll have to invest your time in a concerted way. You have to buy or design better thank you notes. Design better, donor centered annual reports. Maybe an email auto-responder series. A database that allows you to track donor touches better. Little presents do cost money. All of this adds up. You've got to get the board and your boss on board with your donor retention plan. But if you share Adrian Sargeant's statistic above...

### **Understand the donor retention playing field.**

For those nonprofit leaders without a fundraising background, why should you invest the time in understanding the playing field?

Because according to Rajat Paharia, *builders think better*.

What does this mean?

If you've never implemented a fundraising campaign, appeal letter or grant proposal, you are going to have unrealistic expectations of your fundraising team. And if you hire someone with no fundraising experience, they will promise things they have no idea how to deliver.

Bottom line?

When you don't have fundraising experience, you don't know what you don't know. You design something that isn't feasible or even possible.

If you gave someone who had experience fundraising the same task, her experience and knowledge of the possible would inform her design of the fundraising program, and you'd end up with something realistic.

She's not going to tell you that you can retain 50% of donors. She might say, "Let's reach for 7-10% retention in the next two years."

Experienced builders are creative within the boundaries of the possible, and they know the boundaries that come with first hand experience.

So don't assume you can retain 50% of donors in your first year of implementing a donor loyalty program.

Even Zappos, where everyone is a customer service wizard, can only retain 60% of their customers.

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# Components of your donor retention plan

Did you know that making decisions constantly makes you seriously tired?

In the past few years, researchers have discovered something called decision fatigue.

The research helps explain why decisions are so much harder at the end of a work day and why we're tempted by the candy in the checkout lane after work.

Our cognitive resources are regularly depleted because we're fighting an uphill battle every day — physically and mentally, both at home and at work.

What is that battle?  
**Making decisions.**

Researcher John Tierney writes<sup>2</sup>,

*“No matter how rational and high-minded you try to be, you can't make decision after decision without paying a biological price. It's different from ordinary physical fatigue — you're not consciously aware of being tired — but you're low on mental energy.”*

When our cognitive resources are depleted in unproductive ways, we not only have less willpower and make poor decisions, but we also don't have much left in our mental tanks for the big problems and questions

Kathy Sierra has written extensively<sup>3</sup> about this issue of decision fatigue. She says, *“We should be patching cognitive leaks everywhere we can.”*

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<http://www.nytimes.com/2011/08/21/magazine/do-you-suffer-from-decision-fatigue.html?pagewanted=all&r=0>

3 <http://businessofsoftware.org/2013/02/kathy-sierra-building-the-minimum-badass-user-business-of-software-a-masterclass-in-thinking-about-software-product-development/>



**cognitive resources  
are scarce, limited,  
quickly and easily-  
depleted**

What does this research on decision fatigue have to do with your donor retention or stewardship plan?

**Everything.**

When you're tired at work, and feel like there's too much to do (and let's face it, there IS too much to do) it can be easy to let donor retention slide.

But if there are a series of processes that each donor goes through every time they give to your nonprofit, this plan takes the decisions out of your brain, and you are less tired.

Here's an example. A donor sends you a check for \$500. Now you have a decision. Do you call? Email? Write a note? All three?

At the beginning of the day, you've got enough mental energy to process this decision. But if this happens over and over, with different levels of donations, all the time, you are going to start getting stuck.

With the processes nailed down in a sweet donor retention plan, the decision is already made for you, and you smoothly move the donor down the line to the next process.

**Now that you know who you want to cultivate, what are some ways you can cultivate and thus keep donors?**

**You need to plan to keep your donors with a stewardship plan.**

When you combine all activities to keep donors loyal into one place, that's your donor retention or stewardship plan.

**Step One: Don't focus on everyone!**

Try focusing on

- People who gave multiple times per year for the last two years.
- People who give monthly
- People who gave once a year for the last two years
- Former board members (from the last two years)
- Current volunteers

Another way to make this process less overwhelming is to decide different levels attention for different levels of donations.

Do you have a donations policy? Why not create a thanking policy?

### **Step Two: Make your donor retention more manageable by creating a thanking policy**

Here are some examples of thanking policies:

1. Over \$100 Check in the mail: Thank them with a phonecall & letter.
2. Over \$1000 check in the mail: Call them up and see if you can go to coffee
3. Multi-year donor, thank them with a phonecall
4. Once a year thank-a-thon for all donors
5. Thank recent donors on the anniversary of their first donation, ask if they'd like to give again.

### **Step Three: Put it all together in your donor retention calendar**

Once you know WHO to focus on, what does a donor retention calendar include?

- Appeals
- Surprise and delight tactics
- Surveys
- Friendraisers
- Thank you notes
- Monthly e-newsletter themes
- Phone-a-thons

- Thank-a-Thons
- Volunteer Appreciation Days

BOTTOM LINE: Solicitations Calendar + Surveys + Event Calendar + E-News Calendar = Donor Retention Calendar

... This is a truncated version of Week One of the Keeping Your Donors e-course.

If you'd like to learn more about how to keep more of your donors, check out the rest of the [Keeping Your Donors e-course](#).

OR Check out [Fundraising Mastermind Elite](#), where you can get this course, (normally \$197) plus 10+ more courses and 60+ webinar recordings, for one low yearly price.