

Successful Fundraising for Nonprofits - Advice from an expert

11 min read



Key Takeaways

- A long term metric that is essential for understanding whether or not you're spending money correctly is lifetime value. Lifetime Value looks at how much money a donor gives the organization over a multiple year period.
- The Society of Human of Fundraising Executives notes that when you can show a donor the tangible result of their gift, you get a higher average gift and more frequent giving.
- Donor relations are now important than ever, with a report from the Charities Aid Foundation of America finding that 67.93% of nonprofits are facing a *decrease in funding* and 33.97% indicated an *increase in operational costs*.

Most nonprofits are using some type of dashboard to monitor and track their performance, but which metrics are actually helping you **fulfill your mission**?

Successful fundraising starts with knowing your numbers.

In the latest episode of the Put Your Numbers To Work podcast, GrowthForce CEO, Stephen King, sat down for a discussion about successful fundraising with Roger Craver, Co-Founder

of Donor Voice and Author of *Retention Fundraising: The New Art and Science of Keeping Your Donors for Life*.

Watch/Listen to the full Podcast [HERE!](#)

During their conversation, Craver shares the secrets to fundraising success and how nonprofits should use their numbers to tell their story (*and raise money*).

Here are the top tips to successful fundraising from a fundraising guru...

The Secret of Successful Fundraising

"The biggest secret of fundraising success is to know your numbers," Craver emphasized.

"Unless an organization is familiar with its vital signs, it's going to be in poor health pretty quickly."

There are vital signs within every organization that board members and executive directors should be familiar with. Designing management reports so everyone -- including the board, staff leadership and program managers -- can focus on outputs that will help drive more positive outcomes.

Craver explained, *"These vitals are a guidance system and a warning alert system all in one. If something is going wrong, you can see it in advance."*

What are the metrics nonprofit organizations want to have at their fingertips?

"Metrics That Matter" vs. "Vanity Metrics"

You can maximize your effectiveness by figuring out how to make decisions that drive [the most outcomes per dollar](#).

"I divide this into 'Vanity Metrics' and 'Essential Metrics,'" Craver described, *"Vanity metrics are things like the number of likes, the number of page views, or the time spent on a website. All of those are irrelevant and they don't make a difference in the health of an organization."*

This is particularly important in this digital age because many organizations are prone to use vanity metrics.

The metrics that matter are the metrics that you're going to act on.

Retention Rate

One of the most important and often overlooked KPIs nonprofits should monitor is their retention rate.

Craver explained retention rate as *"the way an organization holds onto its new donors."*

"This is very important because most organizations nationally in the United States lose 75% of their first-year members by the end of that first year." -

Roger craver

What this means is for every 100 new members or donors that organizations are bringing in, 75 are going right out the back door.

"That's a lot of time and money that leaks out the bottom of the bucket," Craver continued.

"Beyond the immediate finance, the reason it's an important metric is it's also a referendum on how the donor views the organization. If she or he isn't interested enough to continue giving after the first gift into the second year, it's a sign that the organization is doing something wrong."

The Power Of The Lifetime value

Another long-term metric that is essential for understanding whether or not you're spending money correctly and behaving properly toward your donors is **lifetime value**.

Lifetime Value looks at how much money a donor gives the organization over a multiple-year period.

"Lifetime value is essential for understanding how much an organization should invest in the acquisition of a new donor," Craver explained.

"Most organizations today spend somewhere around \$50 over and above that first contribution to bring in a new donor. Some boards will say 'Oh My Heavens, we're spending \$50 more than we took in!'," Craver continued, *"well, if you know the lifetime value, you'll understand that the \$50 investment will bring on average of about \$250 over the next three years. So that's a pretty good investment."*

Second Gift Donors

Another valuable metric is monitoring and understanding which of your donors are making second gifts.

Craver recalled, *"We know from experience that when a new donor makes a second gift to the organization, the chances of that donor sticking with the organization and increasing his or her value over time is so much better than a donor who may or may not make a second gift."*

[The Science Of Ask Strings: agitator.thedonorvoice.com](http://agitator.thedonorvoice.com)

There are a few important elements of getting a second gift.

First and foremost, Craver explained *"promptly and properly acknowledging the initial gift"*.

Craver continued, *"When I say promptly and properly, I'm not talking about an automatic receipt that says 'we've received your gift, thank you' – This is the first mistake that most organizations make. Particularly in this digital age where they're using a lot of auto responders to thank donors for their gifts."*

"1/3 of all donors lapse because they aren't properly thanked!"- Roger

Craver

"You can improve your retention rate dramatically by simply thanking donors properly. The proper way to thank someone is first do it quickly," Craver continued, *"Send them a note or a letter- print, not just digital- within the first week after their gift. The message needs to be warm and needs to make them feel that they've done the right thing."*

"The next step is to go back to the donor to report on what they've gifted and to ask for an additional gift," Craver emphasized, *"the point is to go back to the donor quickly to get them involved."*

"The normal thought process of nonprofits is 'we've just gotten a gift, we can't go back," Craver said. **This is not the case.**

Another important element to getting a second gift is setting expectations with the donor. Whenever asking for an additional gift, make sure a specific amount (*or at least a range*) is noted in the request.

Craver explained, *"Whether you do it with a formula or whether you just put a specific amount in the request, a donor wants to know what you're expecting. The failure to put a suggested amount will cause some confusion and doubt."*

"Indirect response -- in mail or in digital response -- this is a fatal error," Craver continued, *"confusion causes delay, and delay ends up being fatal when it comes to this sort of marketing communication."*

Social Proof

Craver also emphasized the importance of putting [the total amount gifted from alike donors](#). There is a science behind why this works.

"This invokes a behavioral science concept called social proof. People don't want to be alone in things. It's always good to recognize how many people are gifting. This is all building on the power of social proof."

Showing Donors The Donor Valuable Of Their Gift

The Society of Human of Fundraising Executives notes that when you can show a donor the tangible result of their gift, you get a higher average gift and more frequent giving.

How exactly do you relay the value of a donor's gift?

"The donors are never interested in being accounting supervisors of your charity," Craver explained, "Instead, donors want answers the questions: "what do you need my money for? And then did it do any good?"

The top reason why donors leave an organization is because they failed to get an understanding of whether the organization is accomplishing its mission. Donors want to know their gift is making a difference.

Craved said, *"People give for a variety of reasons. Some give because it simply makes them feel happy, which is the predominant reason. Others, it makes them feel proud to have been part of something. Some give for peer group reasons. **The donor will read into what you report as being beneficial.**"*

A common mistake most nonprofits make is not focusing their messaging around the donor. All these communications, whether it's a thank you note or a request for a second gift, has to be focused on the donor to be effective.

"The donor is the hero, not the organization. Most organizations make a real mistake by using statistics in their communications. We're talking about the kindness and generosity of donors , and not the organization-centric nature of the nonprofit itself." Craver said.

When it comes to messaging or copywriting, the genre of literature that is most effective in fundraising is romance fiction.

"The most effective copy-writings are stories that are told in the same way as romance fiction. They are very colloquial in language. They are high in emotion. They are very highly involving. There is a lot of the use of the pronouns, you and me," Craver explained

*Craver recommended, "If I were a small nonprofit, I would be looking for volunteers who are good storytellers to help you craft this. **It is all stories at the end of the day.**"*

Importance Of A CRM

Just Excel won't cut it. Having a CRM makes it very easy to sort and filter essential donor information. Given the low cost of CRMs, it's a mistake to not to have one.

"One thing about fundraising is it's highly discriminatory- meaning it focuses in on the people who are the most committed and who give the most money," Craver noted. And in return, "that's where you spend the most money, and the most effort."

Most organizations will send the same message to everyone. One size fits all is not a good practice.

Craver made a similar comparison to why businesses offer loyalty programs: *"They know that they need to pay special attention to those who use their services more than others."*

The same practice should be applied for nonprofits. The donors that gift higher amounts of money deserve some special attention. The mistake most organizations make: not requesting donors who just gifted a high amount give a second gift.

'Steve just gave us \$5,000, therefore we can't go back and ask him again for another year.'

That's a real mistake...

Roger played out a scenario and how to approach a donor who has just given a big sum:

"Steve gave \$5,000 because Steve cares a lot about what you're doing. So, that's the time you get on the phone saying, 'Steve, thanks. That was terrific. Here's how we're going to use that. Look, we have an opportunity here to really do a lot more. I'd like to talk to you about giving an additional \$15,000, and here's how we would use it."

Here's a list of our top Donor Management Software Solutions and what they can do for your nonprofit organization.

Human Relationship Building

"The business of fundraising is really human relationship building," Craver explained, *"The ability to focus on the people and find out what their preferences and interests are is very important."*

The more you can communicate with your donors, the better.

Craver said, *"If you can do it by phone, great. If you can do it by mail, that's fine too. The channel isn't nearly as important as lavishing attention on someone. I don't mean fawning attention. I mean information attention -- letting them know that their involvement is really*

important. The whole umbrella for all communication with donors is to offer the donor an ongoing set of experiences. Giving money is one experience, but it's not the entire experience."

Craver stressed the value of asking the donor how they prefer to communicate. He suggested sending a survey asking how they'd prefer to communicate (email, phone, mail), and how frequently they'd like to hear from you: *"It is amazing what happens when you ask a donor for her or his preferences."*

"The mindset of too many nonprofits is that these donors, in the organization's mind, are like an ATM machine," Craver described. That is not how it should be.

"These are partners in your organization. Treat them that way!" Craver explains, *"Send them a birthday card. Pick up the phone every once in a while, just to say, how are you doing?"*

Particularly now in this pandemic," Craver continued.

Get the donor to feel involved and help them feel like their gift is making a difference. Help them have a good experience with you and communicate with them.

Sustainer Program

Craver also stressed the important benefits of a sustainer program.

"It's probably the most efficient, dependable and disaster proof system of giving," Craver explained, *"I recommend that every organization, particularly smaller organizations, try to do as much of a monthly program as possible."*

For most nonprofits, cash flow is always a challenge. You'll need a [cash flow forecast](#) in order to stay on top of inflow and outflow of funds. *"One of the immediate financial benefits of a sustainer program is improving cash flow. It enables an organization to have a predictable cash flow that even a pandemic won't wreck,"* Craver added.

Predictable cash flow patterns enable organizations to budget donor investments appropriately.

Higher gifts

Another benefit of setting up a sustainer program is receiving higher gifts.

"It enables the donor to do a lot more than he or she would normally do," Craver explained, *"I could ask you for \$240 dollars, which you may or may not be able to do, or I could ask you for \$17 a month, which you may be able to do. It amounts to the same. Once they're on board for*

more than a few months and have been paying, the average life of a sustaining donor is about seven years. "

"It is a very effective way to build a predictable stream of revenue that you can budget and count on," Craver added.

"The only weakness in most monthly giving programs I see is that once the organization gets that monthly commitment, they tend to not communicate frequently enough with the the donor. It's a good idea each month to send the partners an update," Craver continued, "'This is what we've accomplished, thanks to you', and treat them like a special select group of people."

These programs are very simple to run. CRMs make it easier to do this, but if you don't have a CRM you can also do this in QuickBooks.

"You have to be willing to make a little tradeoff between short term and longer-term income," Craver explained, "However, looking at the bigger picture, it's not much of a trade off in terms of what you're ultimately going to be receiving."

What to do right now

Donor relations are more important now than ever.

As the U.S. faces a recession, a report from the [Charities Aid Foundation of America](#) found 67.93% of nonprofits are facing a *decrease in funding* and 33.97% indicated an *increase in operational costs*.

Reaching out to your donors...

"There are a lot of new donors coming into these emergency operations. This is the perfect time to go to a new donor and say, 'This has made a world of difference- would you consider donating \$15 or \$20 a month? Because this is how it will help.'" Craver explained. "I would particularly do this with the new donors who are coming in as a result of this coronavirus."

Donor relations and fundraising go hand in hand.