

Can You Afford to Say Goodbye to a Donor?

Attrition, retention, and recapture of annual fund donors

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CAPE COD HEALTHCARE

Overview

- Why do your donors contribute to your organization?
- Why do they stop contributing?
- How can you win them back?

Learning Objectives

- Attrition
 - What activities can you do now, regardless of your size shop?
- Retention
 - What are the 3 steps to getting a second gift?
- Recapture
 - How can ROI help you determine your strategies?



Takeaways

- Practical steps for getting a 2nd gift
- ROI – how to use it to define your strategy
- Interactive file audit – learn proven solutions

Why Do People Give to Your Organization?



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Why Do Donors Stop Giving?

- Limited communication
- No clear message
- Not telling donors how you used their gifts
- Not thanking them
- You stopped asking

ATTRITION HAPPENS



Moving from Attrition to Retention

- What activities will reduce attrition?
 - Consistent communication plan
 - Asking your donors - surveys
 - Reporting on spending priorities & how you used their gifts
- What tools can help determine donor interests?
 - Surveys
 - Wealth screening
 - Modeling & analysis



Build Your Acquisition to Retention Model

The American Express Model

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Aligning Your Retention and Acquisition Strategies

- Ensure your acquisition strategy builds on your retention strategy
 - List acquisition
 - Premiums
 - Online giving donations
 - Social media acquisition – viral marketing
- Consider **lifetime value** vs. **current cash**
 - 1st time donor calls
 - Welcome packet

What's the Most Important Gift to the Annual Fund?

THE SECOND GIFT

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How Do You Get That Second Gift?

- Timely acknowledgement
 - 24 - 48 hours
 - Receipt vs. letter
- Thank you call
- Welcome packet

Steps to Get That Second Gift

- When should you make that second gift ask?
- How?
- How much?

Who's Your Donor Base?

- Constituency
- Non-Constituency
- Membership
- Political
- Environmental

Your Donor Base?

- Three major characteristics
 1. Frequency
 2. Gift size
 3. Donor age

- Other
 1. Male/female
 2. Constituency
 3. Gift type



Donor Base – Frequency

- Current
- LYBUNT
- Lapsed
- Recapture

Donor Base – Gift Size - ROI

- \$1 to \$99.99
- \$100 to \$249.99
- \$250 and above

Can you afford to treat donors at different levels the same?

Donor Base – Age and Other

- Age
- Demographics
 - Where do they live?
 - Seasonal residents?
 - Socio-economic considerations
 - Tax roles – increase giving for seasonal residents



Now What?!

- Donor Analytics
- Donor Strategies

Donor Analytics

- Knowledge is power
- If you know what your donor base is doing, you've won half the battle

Donor Strategies

- Are your donors really your friends?
- Downturn in the economy?



Donor Analytics

- Acquisitions
- Retention
 - Upgrades
 - Downgrades
- Recaptures

Donor Analytics – File Audit - Highlights

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HISTORICAL ANALYSIS HIGHLIGHTS

- The total file, as supplied to us, consists of 5,742 donors, 3,038 (52.9%) of whom have not made a contribution in the past five years.
- 22.4% (1,284) of the individual donors on the file have made a gift in current fiscal year.
- 29.6% (1,697) of the individual donors on the file have made a gift in the past 24 months.
- Of those donors who have made a gift in the current fiscal year, 23.4% (300) are donors of less than \$50.
- Of those donors who have made a gift in the past 24 months, 24.6% (417) are donors of less than \$50.
- 44.5% (2,553) of the total file are donors of less than \$50.
- 38.9% (2,233) of the total file are donors of \$100 and above, and 34.6% (772) of all \$100 and over donors have contributed in the current fiscal year.
- For the percentage of \$50 and above donors contributing \$100 or more, The Client exceeds the 50% benchmark, averaging 79.5% over the seven reported years.
- As a percent of total donors and revenue, donors of \$100 and above represent 56.1% (seven year average) of the donors and 96.8% of the revenue.
- 58.7% of "\$100 and Over" donors have contributed \$250 or more, exceeding the 33% benchmark for major gift conversion. Donors of "\$250 and Over" represent 33.3% of all gifts and 90.6% of total revenue.
- Donor upgrades from 2004 through 2010 averaged 40.2%.
- 24.3% of the file have downgraded their level of giving during the years 2004 through 2010. This exceeds the benchmark figure of 15%.
- 35.4% of the file has lapsed from one year to the next.
- The first year renewal of newly acquired donors has averaged 37.2% for the years 2004 through 2009, with the highest annual renewal rate occurring for donors acquired in 2009.
- The second and third year renewal rates are 92.0% and 103.7%; the high acquisition year is in 2007 for both rates.

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Donor Analytics – File Audit – Most Recent Gifts

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The Client **Schedule D**
Most Recent Gift Analysis
Contributors Through 2010

Most Recent Gift Range	Fiscal Year: Months	2010			2009		2008		2007	2006	2005	Total
		0-3	4-6	7-12	13-18	19-24	25-30	31-36	37-48	49-60	61+	
\$0.01 - \$0.99	-	-	-	23	-	-	-	-	-	1	24	
\$1.00 - \$4.99	-	-	-	2	-	1	1	1	2	1	8	
\$5.00 - \$9.99	-	-	4	9	-	3	3	4	9	5	91	
\$10.00 - \$14.99	-	-	4	30	-	5	19	10	12	23	15	369
\$15.00 - \$24.99	-	-	4	45	-	5	23	22	19	21	20	327
\$25.00 - \$49.99	-	-	45	134	17	44	44	54	54	82	938	1,412
\$50.00 - \$74.99	-	-	30	170	14	64	24	33	52	37	451	880
\$75.00 - \$99.99	-	-	4	8	2	3	1	6	4	3	45	76
\$100.00 - \$249.99	-	-	32	246	30	68	49	50	74	54	523	1,126
\$250.00 - \$499.99	-	-	39	118	18	24	5	18	32	13	114	381
\$500.00 - \$999.99	-	-	14	108	4	28	2	8	41	12	51	268
\$1,000 and Above	-	-	17	198	25	16	6	10	41	25	120	458
TOTAL	-	-	193	1,091	120	293	167	220	353	267	3,038	5,742

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Donor Analytics – File Audit – Upgrade/Downgrade

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UPGRADE/DOWNGRADE ANALYSIS

The Donor Upgrade/Downgrade Report provides information about changes in giving behavior from year to year. For comparison purposes we have included individual reports, by donor type, for 2004/2005, 2005/2006, 2006/2007, 2007/2008, 2008/2009, and 2009/2010.

The Client can use the Upgrade/Downgrade report to determine how well it is performing in the areas of donor cultivation and retention. A robust annual giving program with four to six solicitations per year should renew up to 80% of its donors in a given year. A good benchmark for upgrading is between 15% and 35%. An organization can expect that between 45% and 50% of the donors will make the same gift as the previous year, and that approximately 15% to 20% of the donors will downgrade their level of giving.

The following chart illustrates the performance of The Client donors in these four categories:

							MTA	
	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	Average	Benchmark
Upgrade	37.93%	40.65%	53.84%	37.32%	39.10%	32.56%	40.23%	15-35%
Same	32.82%	39.16%	27.12%	37.18%	35.54%	41.18%	35.50%	45-50%
Downgrade	29.25%	20.19%	19.04%	25.50%	25.36%	26.27%	24.27%	15-20%
Lapsed	38.12%	40.61%	28.72%	41.22%	38.07%	25.93%	35.44%	20.00%

The percentage of donor upgrades during the reporting year 2004 through 2010 averages 40.2%, but upgrades have been in decline since 2006/2007.

The downgrade rate, at 24.3%, has been *climbing* since 2006/2007.

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Donor Analytics – File Audit – Upgrade Analysis, Pt. 1

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The Client Schedule E
Upgrade/Downgrade Analysis
Contributors 2008 - 2009

2008 - 2009 CONTRIBUTORS	DONORS	2008 REVENUE	2009 REVENUE	CHANGE IN REVENUE	2008 REV./DONOR	2009 REV./DONOR
Upgrade	242	\$131,594	\$311,398	\$179,804	\$544	\$1,287
Same	220	84,098	84,098	0	382	382
Downgrade	157	219,449	101,778	(117,671)	1,398	648
Recapture	297	0	141,443	141,443	0	476
New	228	0	71,893	71,893	0	315
Lapsed	563	130,212	0	(130,212)	231	0
TOTAL	1,707	\$665,353	\$710,610	\$145,257	\$331	\$416

	Donors	Total Revenue	Rev./Donor
2008	1,182	\$ 565,353	\$ 478
2009	1,144	\$ 710,611	\$ 621

Percentage of Upgrade to Downgrade: 154.1%
 Percentage of Lapsed to Total: 33.0%

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Donor Analytics – File Audit – Upgrade Analysis, Pt. 2

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The Client Schedule E
Upgrade/Downgrade Analysis
Contributors 2009 - 2010

2009 - 2010 CONTRIBUTORS	DONORS	2009 REVENUE	2010 REVENUE	CHANGE IN REVENUE	2009 REV./DONOR	2010 REV./DONOR
Upgrade	238	\$152,647	\$352,386	\$199,739	\$641	\$1,481
Same	301	109,407	109,407	0	363	363
Downgrade	192	275,215	117,849	(157,366)	1,433	614
Recapture	449	0	164,137	164,137	0	366
New	104	0	23,495	23,495	0	226
Lapsed	413	173,342	0	(173,342)	420	0
TOTAL	1,697	\$710,611	\$767,274	\$56,663	\$419	\$462

	Donors	Total Revenue	Rev./Donor
2009	1,144	\$ 710,611	\$ 621
2010	1,284	\$ 767,274	\$ 598

Percentage of Upgrade to Downgrade: 124.0%
 Percentage of Lapsed to Total: 24.3%

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Donor Analytics – File Audit – ROI

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RETURN ON INVESTMENT ANALYSIS

The Return on Investment Analysis is one of two reports that track donor retention. This analysis illustrates the gross renewal "pay-back" to The Client over seven years since the year of acquisition. For example, the excerpt below indicates that a total of 513 individual donors were acquired and entered onto the donor file in 2004. Of these donors, 92 have continued to contribute through 2010. Total contributions by this group in the past six and a half years is \$5.9 million, and could rise even higher as the current year draws to a close.

Excerpt from Schedule F, Page 32

Year Acquired	# of Donors Acquired	# of Donors	% Retained	# Gifts	\$ Amount	Average Gift	
						Per Donor	Per Gift
2004	513						
2005		162	31.58 %	172	\$ 73,680.00	\$ 454.81	\$ 428.37
2006		113	22.03 %	119	20,016.00	177.13	168.20
2007		128	24.95 %	136	58,030.00	453.36	426.69
2008		73	14.23 %	84	22,554.00	308.96	268.50
2009		71	13.84 %	74	32,258.00	454.34	435.92
2010		92	17.93 %	111	35,312.00	383.83	318.13
Totals				696	\$ 241,850.00		

The Return on Investment schedule shows the number of donors retained in each year subsequent to the acquisition year, and the percentage of retained donors to donors acquired. The fifth column from the left shows the number of renewal gifts in each year.

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Donor Strategies - Acquisitions

- New donors
 - Phone call
 - Welcome packet
 - Solicit again earlier and more often

Donor Strategies - Upgrades

- Formula to increase giving
- Mini proposal
- Premiums
- Donor visits
- Giving societies
 - Cape Cod Healthcare's Lightkeeper's Society

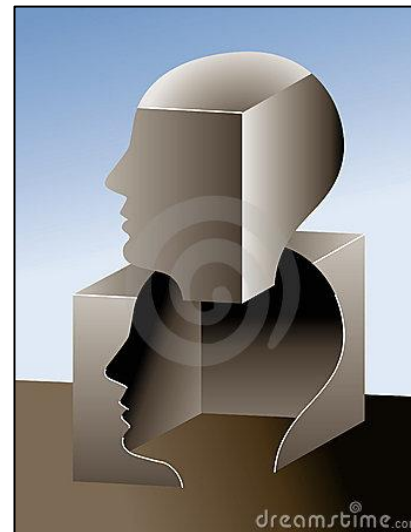
Donor Strategies - Recaptures

- How do you win back donors?

Be innovative!



Think outside the box!



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Interactive Case Study

Summary

- Attrition
 - Counteract with proactive research and analysis
- Retention
 - Think **lifetime value** vs. **current cash**
 - Consider your solicitation frequency
 - Focus on stewardship
- Recapture
 - Make ROI your best friend

Questions?

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Thank you for participating in Philanthropy Day 2011

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