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Six Insider Secrets of Running a Profitable Annual Fundraising Letter Program.

Alan Sharpe

*Proven techniques
from the professionals
for building long-term
relationships with your
donors and members.*



Handbook Number 10

H A N D S - O N F U N D R A I S I N G S E R I E S

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By Alan Sharpe

Running a successful annual fundraising letter program is getting harder by the week. There are more non-profit organizations today than there were a week ago. And competition for your donor's dollar is increasing—along with costs of printing and postage.

And yet direct mail fundraising remains one of the most cost-effective ways to raise funds. Many non-profit organizations depend on the mail for over 50% of their contributed income each year.

Over the years, successful direct mail fundraisers have discovered that the route to results lies in following some time-tested principles. Here they are.

Secret #1: Think Program, Not Campaign

Raising money through the mail is complicated, expensive and time consuming. That's why professional fundraisers plan their mailings at least 12 months in advance. To them, each letter they drop in the mail is not a one-off campaign but simply one part of a year-long program, usually one start starts on January 1st and ends on December 31st.

Unlike many other forms of fundraising (special events and capital campaigns, for example), annual direct mail programs last 12 months each year and are designed to be repeated year after year, with the number and monetary value of gifts increasing each time.

In a typical annual program:

- donors are solicited many times during the year
- the organization relies heavily on past donors to repeat their gifts
- new donors are identified and acquired each year
- the program complements the work done by marketing and public relations
- the program is well-planned and well-executed
- the results for each mailing are compared with others for the same year, and with the same mailing made the previous year, to spot trends and to know where improvements are needed

As you can see, professional direct mail fundraisers know 12 months ahead of time what they are going to mail, who they are going to mail it to, what action they want their readers to take, and what results they expect to receive.

One disadvantage of mailing a number of unrelated campaigns each year instead of planning and running a coordinated annual program is that things get overlooked. Deadlines get missed. Mailings are often rushed and put together at the last minute. And appeals tend to be more shrill, and stress a need for immediate funds, because of the shortfall that lack of planning produced.

A typical year

Some organizations mail their donors once a month. Others mail six times a year. And others mail only once a quarter. But no matter how often they mail, most experienced organizations that depend on direct mail for a large part of their operating budget plan a year of mailings that looks something like this:

	Renewal	Newsletter	Acquisition	Lapsed donor	Major Donor
January	#1				
February		#1			Banquet invitation
March	#2		#1	#1	
April		#2			
May	#3				
June		#3			Annual meeting invitation
July	#4			#2	
August		#4			
September	#5				Progress report
October		#5	#2		
November	Year-end appeal			#3	
December		#6			Annual report

Renewal Letters invite current donors to renew their support or membership.

Donor Newsletters inform donors about how their donations are making a difference.

Acquisition Letters aim to attract new donors.

Lapsed Donor Letters aim to recover donors who haven't given for 12, 24 or 36 months.

Major Donor Letters cultivate relationships with donors who have given (or may give) large gifts.

Secret #2: Think Like a Donor

One of the shortcomings of direct mail fundraising is that donors are usually represented as numbers and not as people. Each donor or member in the database has a unique donor number that identifies that individual. We examine the donor's giving history in terms of frequency, recency

and monetary value, all measured with numbers (years, months and money).

We lump donors in categories and give them impersonal labels—major donor, lapsed donor, LYBUNT (a donor who gave Last Year Bt Unfortunately Not This Year).

Solicitors who approach donors in person likely never face this challenge. They know their donors by name, and are well acquainted with the donor's family, business, hobbies and interests.

So the temptation when raising funds with appeal letters is to think of donors in terms of what they can do for the organization monetarily. And yet donors who feel treated this way will not remain donors for long. Today's donors give to charitable organizations for specific reasons, not simply because they have money to give.

The secret to building long-term, profitable, mutually beneficial relationships with donors is to think the way your donors think.

What's in it for me?

All of us donate for selfish reasons. I do. You do. Our motivation in mailing a gift to the local museum, our *alma mater* or the women's shelter is likely altruism and a wish to make a difference in the world, but we are also motivated by a desire (however small) to feel good about ourselves. Some of us give until it hurts, but we don't give because it hurts. We give because giving feels good.

Successful direct mail fundraisers use this human trait to their advantage by giving donors what donors want. Instead of asking for funds that the organization needs, they invite donors to accomplish their goals by making the world a better place (by sending a gift).

In what way do you value my contribution?

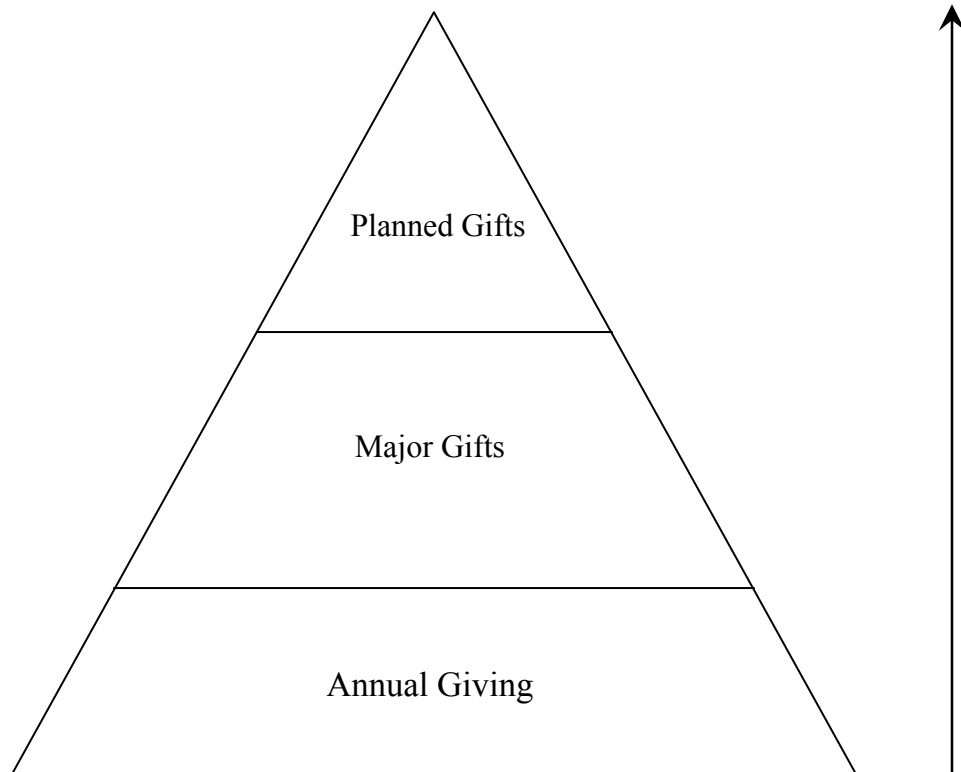
Why do annual donors stop giving? Many quit because they feel unappreciated. In her book, *Thanks! A Guide to Donor-Centred Fundraising*, Penelope Burke cites the findings of The CPP Survey on Giving, Volunteering and Participating, which shows that around 45% of donors “stop giving or give less than they could have . . . for reasons that are tied to lack of meaningful information or to a feeling that their giving is not appreciated.”

The reason to do an RFM analysis of your database is to identify those high-monetary-value donors who are prospects for special appeals or personal visits from your executive director or volunteer fundraiser for a major gift.

Your analysis also helps you identify those frequent donors who are good candidates for a monthly giving program.

Knowing who your most recent donors are also helps you start your donor cultivation process at the right time and in the right way, with a view to moving each first-time donor up what is known as the giving pyramid.

Move your donors up the giving pyramid



Most of your donors will enter the giving pyramid at the bottom with a small gift. Your goal is to move each new donor up the pyramid—through education and involvement—so that they one day give you a major gift and at last leave you a bequest in their Will or remember you in their estate planning. There are fewer donors at the top than at the bottom.