

ENTERING THE ERA OF

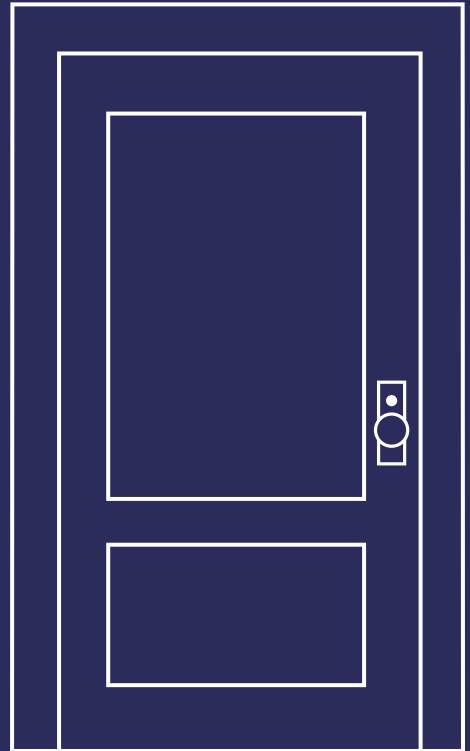
# DONOR ENGAGEMENT



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A Practical, Cost-Effective How-to for Moving  
Beyond the Donor Management & Stewardship  
Construct to Create Donor Relationships at Scale

A Practical, Cost-Effective How-to  
for Moving Beyond the Donor  
Management & Stewardship  
Construct to Create Donor  
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ENTERING THE ERA OF —

# DONOR ENGAGEMENT



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# Engagement creates impact. Stewardship just creates efficiency.

Fundraising is a process, not a one-time event. One cycle leads to the next. Ideally, one cycle fuels the next, consistently expanding your donor base while strategically building your organization's capacity. After a successful campaign, appeal or gala, it's time to kick it into high gear to capitalize on your success and amplify the ROI. What exactly does that mean for a Chief Everything Officer?

It means time for efficiency. It means routine, systemic processes. It means waking up knowing your priorities because capitalizing on post-fundraising success is a great problem for a nonprofit organization to have. Even better, capitalizing on the new donors you successfully attracted.

Regardless of the specifics of your fundraising activity, you and your organization invested precious time, love and money to generate revenue through your donor base and to attract new donors. Statistically, only 30% of first-time donors continue to support a charitable organization. Nothing is more costly to your development efforts than a one-and-done donor.

As more philanthropic causes and new nonprofit organizations emerge, the significance of donor retention is magnified. Our wise friend, [Dr. Adrian Sargeant](#), said it very well: “The donor retention landscape is actually lousy at the moment and is going, from all accounts, from bad to worse. The latest round of AFP data that came out made for very depressing reading. We continue to lose donors at an alarming rate.”

Dr. Sargeant also noted, “Over 70% of people that we recruit into organizations never come back and make another gift, so we’re caught on this treadmill where we have to spend lots of money on acquisition which most nonprofits lose money on anyway, just to stand still.”



Effective nonprofit organizations recognize the importance of good engagement, with an emphasis on donors' financial resources. Good engagement must also be applied to your donors. Effective management of your donors is equally important as successful management of the funds those donors provide. Optimal donor engagement should include:

- An organization-wide donor-centric culture
- Relevant, meaningful donor engagement
- Identification and understanding of the individual donor's interests
- A personal, ever-evolving relationship with donors, individually and collectively
- Genuine appreciation of the value each donor brings to your organization

Donor engagement that optimizes donor retention requires data and analytic systems to routinely assess donor management in terms of effectiveness and retention. A strong comprehensive strategic plan should be flexible enough to rapidly respond to changes in donor data, whether trends are incited internally or externally.

The next fundraising cycle after a successful campaign or event should be implemented automatically.

# Blogs on Donor Engagement

In the coming weeks, you will be able to access companion-piece blogs that build on the foundational attributes of donor engagement seeded in this publication.

1	What Really is a 'Donor-Centric Culture' Anyways?
2	How to Achieve an "All in!" Engagement Framework of Board, Staff & Volunteers
3	Embracing & Implementing a "No Ask" Engagement Paradigm
4	Creating a Strategic Engagement Plan for your Donors
5	10 Ways of Upgrading Donors Through Engagement & Retention Activities

# Prerequisite Groundwork for Donor Engagement

While you are in the position that can make great things happen in your corner of the world, there is no shortage of challenges you need to face. Every day you see and feel how time is your most precious asset and how anything that requires it must move the needle.

You're not only running your nonprofit, you're also responsible for delivering the programs, balancing the budget, training the volunteers, going to all the meetings, putting out the fires, creating the ideas – and raising the money required to keep everything not just moving, but growing. You don't just need a fundraising plan, you need an engagement plan.

An engagement plan not only helps you understand your donor needs, it will also help to distribute the work to effectively bring each closer to your Mission. Getting other people involved allows them to take share ownership — and it is the manifestation of a donor-centric culture. Also, determining which staff members — if not just yourself — and board members will lead the effort and assume other roles in the process will not only help you stay organized, but set you up for success.



In this publication, we'll address the following first-steps to engage your donors and, then, the companion piece blogs described above will allow you to drill down into strategies and tactics that may be more appropriate for your budget:

1

Creating or Refining Your Case for Support for Donors

2

Assessing Your Fundraising Potential by Engagement Metrics, Budget & ROI

3

Calendaring Engagement Activities to Sustain Interest in Your Impact

# Refining Your Case for Support from Donors

Before you can operationalize any engagement activities, you need to explain your vision, the problem you're solving, and how you plan to solve it — because donors don't give to your nonprofit, they give through it. You need a strong and compelling case — one that speaks directly to your donors — that concisely describes:

**Your history.** Why and how did you come into existence? What issues caused your formation? Describe the social and demographic setting. Describe in dramatic terms your incomparable mission. Remember you are making the case for your future and your dreams — not your distinguished past.

**The problem or opportunity.** A statement of the social problem that creates the need for the particular project or program. Describe the compelling opportunity and challenge for service that is presented to your nonprofit. Write about the urgency.

**The proposed solution.** The institution's plan for solving the problem and why it seeks this particular opportunity. Keep in mind that people are most persuasively motivated by what saves or changes lives. Do not describe how the proposed program will help your nonprofit. It is important that the case has a larger platform than the institution itself.

**Your unique role.** Why your particular institution is best qualified to respond to the problem, meet the challenge, and render the proposed service. Include the names and qualifications of those who will lead the fundraising program, as well as those who ultimately will be responsible for the program and the policies for spending the money.

**Your plan and goal.** In the financing of the proposed plan, who is responsible? What are the sources of funding that will combine to make the goal? What part does private philanthropy play in that equation? Provide a description and the justification for fundraising projects, and how you propose to raise the required funds. Include any evidence that this plan will be successful.

**How to support the plan, goal.** Statements concerning the nature and kind of gifts you seek and the benefits and/or recognition opportunities for giving.

The case for support is also the basis for all of your fundraising communication. To that end, ask yourself the following questions before you consider your case for support complete:

# Questions to Ask for Donor Support

1

Does it elicit emotional as well as rational reasons to give?

2

Does it tell your potential donors how their gift will make a difference?

3

Does it offer proof that your plan will work?

4

Does it emphasize opportunities for the donor rather than the needs of the organization?

5

Is the information presented in a logical order?

6

Is it readable with short sentences and paragraphs?



# Assessing Your Potential for Engagement Fundraising

How you raised money in the past will guide how you raise dollars in the future. To give you some simple insights about where you can grow, create a fundraising history that shows your sources of revenue over time and be sure to note any trends.

This exercise not only will help you make a better estimate of what to target in the future, it will inspire confidence and/or direct the attention of your board – the people you will need to engage to make any fundraising campaign successful.



# Engagement Fundraising Exercise

Category	2017	2018	2019	2020 GOAL
Board of Directors				
Renewing donors				
New donors				
Events				
Product sales				
TOTAL				

Your goal should not be significantly more (or less) than an average of the previous years' results. Also, you should also recognize that not all donors from the previous year renew (at the same level). Even the best fundraising programs sustain some degree of attrition.

If you're like most nonprofits, you'll need to increase your goals and/or the categories sources of revenue to balance your operating budget. In that event, and before you commit to any new fundraising activity or strategy, ask yourself the following questions:

# Fundraising Strategy Questions

1

Does this strategy fit with the mission of our organization?

2

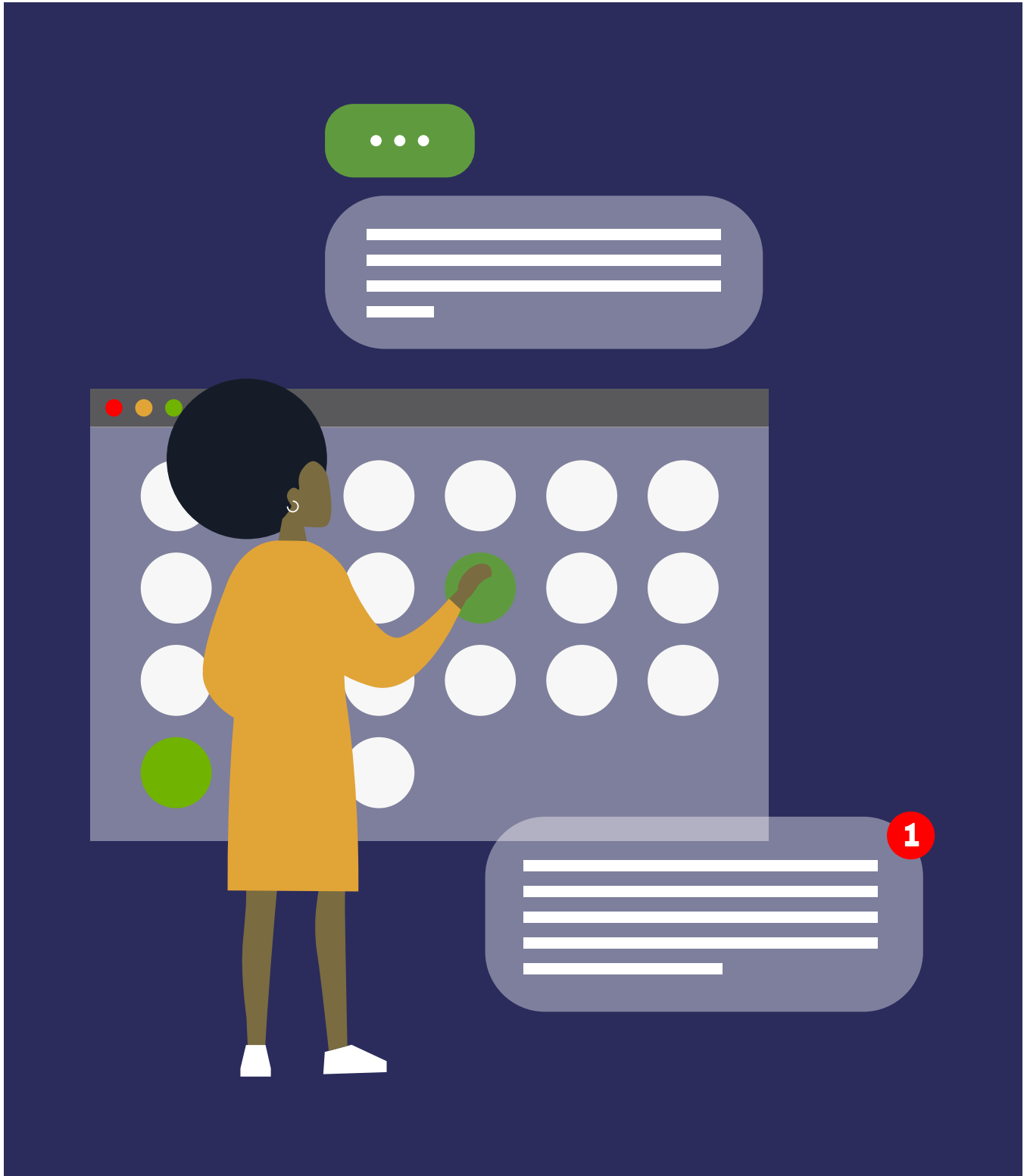
Does this strategy represent a stable source of income?

3

Does this strategy build our organization, our board, or our volunteers?



4	Does this strategy create annual, renewable revenue?
5	Is this strategy cost effective – how much more does it bring in over expenses?
7	Has this strategy worked well for us in the past?
8	Does this strategy fit well with other activities we have planned?
9	Do we have the skills and expertise we need to carry out this strategy?
10	Do we have the resources (money, people) to carry it out?



# Calendaring the Right Engagement-Fundraising Activities

You may have heard the saying, “what gets measured gets managed.” There could not be a more apt phrase to describe the function and purpose of your engagement plan. Your plan not only is a roadmap for your communications activities, it is the tool from which you manage yourself and create accountability. To create your plan, be sure you:

**Recognize donor motivations.** There are very specific reasons why individuals and businesses choose to give to your organization. Identifying donor motivations is essential to targeting any communication. Identifying motivations can be a continuing task, and each time a new fundraising activity is designed, you should review generic motivations to be certain that the right prospects and interests are being paired.

**Identify and prioritize donor segments.** As a first step, just as we know it can be helpful to develop a profile of your target audience and generate lists of people, groups, and the like to acquire donors, the same thought applies to segmentation of existing donors. Bloomerang will help you get it done; your database is the best source.

# Engagement Fundraising Activities

Engagement Input	Description
Point of Entry	The donor or prospect segment from which you have or plan to raise money
One-sentence Explainer	Knowing the POI: what is a 12-word sentence that acknowledges how they came into you organization and why you want to start engaging with them (now)
Number to be Engaged	The number of donors that comprise the segment you will engage
Average Gift	The average gift amount per donor – based on previous year’s data, if available
Estimated Segment Income	The number of donors or prospects multiplied by the average gift
Associated Expenses	The expenses that will be incurred to execute the strategy (postage, printing, catering, travel, etc.)

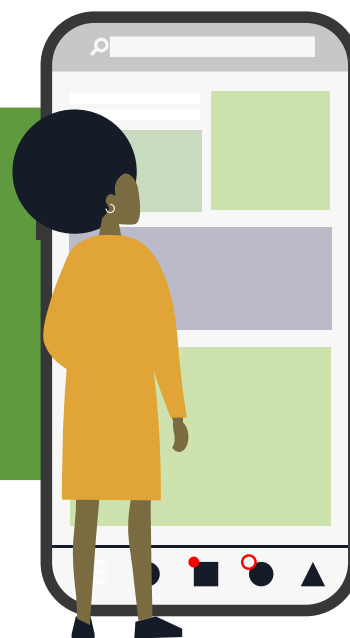
Engagement Input	Description
Net Income	The difference between the Associated Expenses and the Estimated Income
Completion Deadline	The date you will commit to having full executed the Strategy
Staff Responsibilities	The tactics and deliverables you or staff will be responsible for completing
Board Dependencies	The areas or tasks that board members can support to accelerate or enhance the Strategy

# A Simply Rating System to Create Engagement Segments

Even with a solid donor-centric culture, it doesn't take long to realize donors come in all shapes and sizes. The once-a-year, \$25 donor with fewer philanthropic dollars may be more passionate about your Mission than the \$500 donor with potential to be an even higher dollar donor. Nevertheless, the more you know about each donor, the better equipped you will be to effectively engage that donor with content that holds their interest.

Regardless of the size of your donor base, one of the easiest ways to skillfully develop each donor is through the use of a donor rating system, using data from your internal donor management system. Some of the criteria used to design a donor rating system are universal to all nonprofits:

- Point of entry to organization
- Arc of size of donation(s)
- Frequency of donations
- Number of concurrent gifts over how many years
- Overall donations to your organization
- Newsletter open and click-on areas, rates



Generally speaking, a donor rating system gauges an individual's ability and propensity to make major donations, taking into account a broad array of data such as wealth markers, real estate holdings, and philanthropic history to produce a donor quality indicator or rating of potential giving. However, that's all different now. Every donor thinks about why they give and not about how much.

What's more, a rating system that leverages relational activities, not just transactional, helps each fundraiser allocate time — your most precious asset — to initiatives that have the highest ROI.



# About Brian Lauterbach

## Founder at The Nonprophet Fundraising Group



With more than 20 years of experience as a fundraiser, consultant and entrepreneur, Brian Lauterbach has helped hundreds of nonprofits and the professionals who lead them raise money. Throughout his career, Brian has led the process redesign and integration of fundraising channels that raised \$400 million from more than 3 million people. He is the founder of The [Nonprophet Fundraising Group](#), a 501c3 public charity that provides no - and low-cost direct fundraising services to organizations with a small budget but a big vision for their missions and impact.

[Find out more](#)



# About Bloomerang

We believe in the value of life with a mission, and we applaud the choices nonprofit organizations make to improve the world. We exist because they exist.

We take great pleasure in creating tools and teaching principles that help passionate nonprofit organizations make smart decisions that are proven to help them reach out, grow and thrive.

**Our Strategic Vision:** to be the world's best developer and deliverer of tools and perspectives that generate value for nonprofit donor relationships.

**Our Core Purpose:** to improve donor retention in the nonprofit world.

At **Bloomerang**, we're helping nonprofits become more successful at increasing revenue. Our user-friendly software is designed to help organizations naturally boost donor engagement, fundraising and retention through best practices and a user-friendly donor database interface.

Take a look at why **Bloomerang** has been rated "The Best Donor Management Software" based on user feedback. Explore a demo of our software here.

**Visit our Website for a video demo**



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