

CHAPTER 1

Donor Relations: What?



After reading this chapter, you will be able to:

- Define the terms associated with donor relations.
- Explain the difference between *stewardship* and *donor relations*.
- Describe the three components of donor relations.
- Define *gratitude*.
- Explain what *donor centered* means.
- Understand the principles of the Donor Bill of Rights.

Defining *Donor Relations*

In the 1980s, the term *donor relations* was not frequently used in the field of development. In the latter years of the 1990s, the term began to be heard more frequently, and in the first decade of the twenty-first century it became the name used to describe a group of activities central to the overall development process. Organizations began adding *donor relations* to their development or advancement functions and a new emphasis was put on this aspect of fundraising.

The new level of interest and attention for donor relations paralleled a change in attitude about those activities that would come to be known as *donor*

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relations. Prior to the 1980s, most organizations viewed these activities as necessary but seldom approached them as basic elements of the overall development program.

In 1991, James M. Greenfield, in *Fund-Raising: Evaluating and Managing the Fund Development Process* (John Wiley & Sons, Inc.), noted:

In their quest to acquire an increased number of new contributors each year, charitable organizations might overlook their current donors, who are supporting them faithfully. Donors are the best prospects for repeat gifts as well as for new gifts, larger gifts, and estate gifts. Donor relations is perhaps the greatest sin of omission within fund development programs.

As organizations began to recognize the true value of maintaining and upgrading a donor's support, the roles of acknowledgment, recognition, and stewardship shifted from being rote activities to being strategic actions. The field of donor relations became the responsibility of the professional staff and the principles of donor relations were integrated into the many aspects of the development and institutional advancement programs at charitable organizations.



RULES OF THE ROAD

Location is to real estate as relationship is to philanthropy.

The scope of *donor relations* and the level of sophistication are different for every organization. For some organizations, the term means sending thank-you letters for contributions. For others, donor relations includes recognizing donors with a list of names on a wall or in a report, and some organizations include sending stewardship reports in their donor relations program. For many, donor relations involves events to express appreciation to those who have supported the organization.

The Power of Words

In simple terms, donor relations is everything that happens between asking for contributions. The many activities previously mentioned, including thank-you letters, recognition lists on a wall or in a report, sending stewardship reports, and special events, are included in donor relations. In fact, all of the activities, or the personal touches, that are involved in building a relationship with an individual, corporation, foundation, association, or any other source of funding can be described as *donor relations*. While donor relations can be defined as activities in a process, a donor relations program is most successful when it is the expression of an organization's overall commitment to a donor-centered approach to fundraising.

The Power of Words

The *AFP Fundraising Dictionary* does not define *donor relations*. However, the dictionary definition of *stewardship* is broad and could be a definition of *donor relations*.

The *AFP Fundraising Dictionary* defines *stewardship* as:

stewardship, *noun* **1** a process whereby an organization seeks to be worthy of continued philanthropic support, including the acknowledgment of gifts, donor recognition, the honoring of donor intent, prudent investment of gifts, and the effective and efficient use of funds to further the mission of the organization. **2** the position or work of a steward.¹

Many people use the terms *stewardship* and *donor relations* interchangeably. However, donor relations can be viewed as having three components, with stewardship being one of the three. The term *donor relations* has come to mean the acknowledgment, recognition, and stewardship provided to the person, organization, corporation, or foundation that makes a charitable gift.



RULES OF THE ROAD

Donor relations: Everything that happens between “asks.”

Donor Relations: What?

Donor relations, as the name implies, is a set of strategies that helps an organization build its relationship with the persons who contribute to that organization. All three aspects of donor relations are important in renewing a donor's support, upgrading a donor's support, and building a donor's confidence in an organization. Acknowledgment, recognition, and stewardship are important in cultivating a donor's interest in an organization and in moving the donor to a deeper sense of commitment and greater financial investment in the organization.

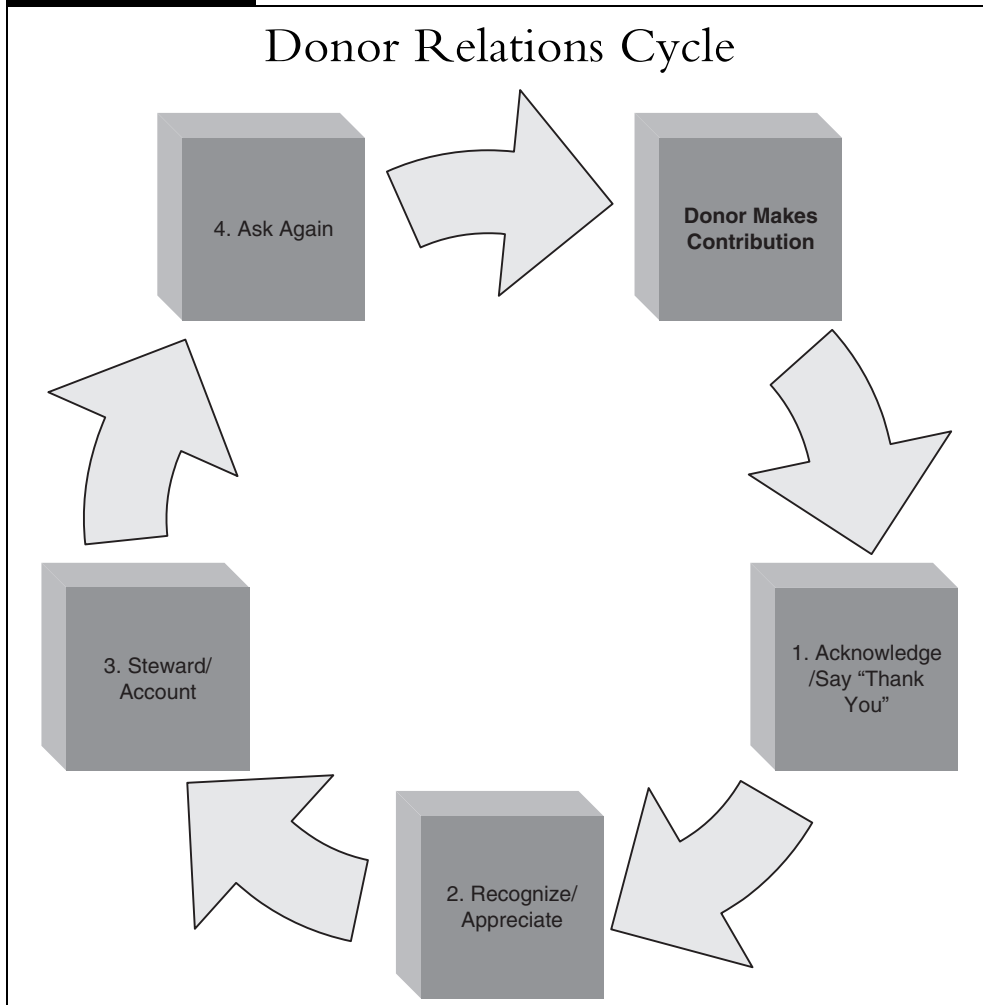
Each aspect of donor relations has specific characteristics, and by examining each component of the process, the importance of each aspect becomes clearer.

Acknowledgment is the process of saying "thank you" for the gift. The acknowledgment of a gift may include a receipt, a letter, a phone call, a handwritten note, an email message, or a combination of these communications. Acknowledgment is one or more private communications between the organization receiving the contribution and the person, organization, corporation, or foundation that made the gift.

Recognition is the process of expressing gratitude for a charitable contribution in a public way. The organization may recognize the donor by listing the donor's name in a publication, in a display of names in a program or on a wall, in a press release, or in special presentations. Providing a gift that acknowledges the donor's support that the donor may display in the home or office is also a way to recognize a donor.

Stewardship is the process of using the gift as the donor intended and communicating with the donor about the use of the gift. The organization is being accountable and is letting the donor know that the organization used the gift as the donor desired. Included in stewardship of some gifts, especially those for endowment, is reporting on the investment of those gifts. *Stewardship* also conveys the impact of the gift in fulfilling the mission of the organization. The definition of *stewardship* in the *AFP Fundraising Dictionary* includes "the honoring of donor intent, prudent investment of gifts, and the effective and efficient use of funds to further the mission of the organization," but does not mention reporting back to the donor, which is critical to meaningful stewardship.

The Power of Words

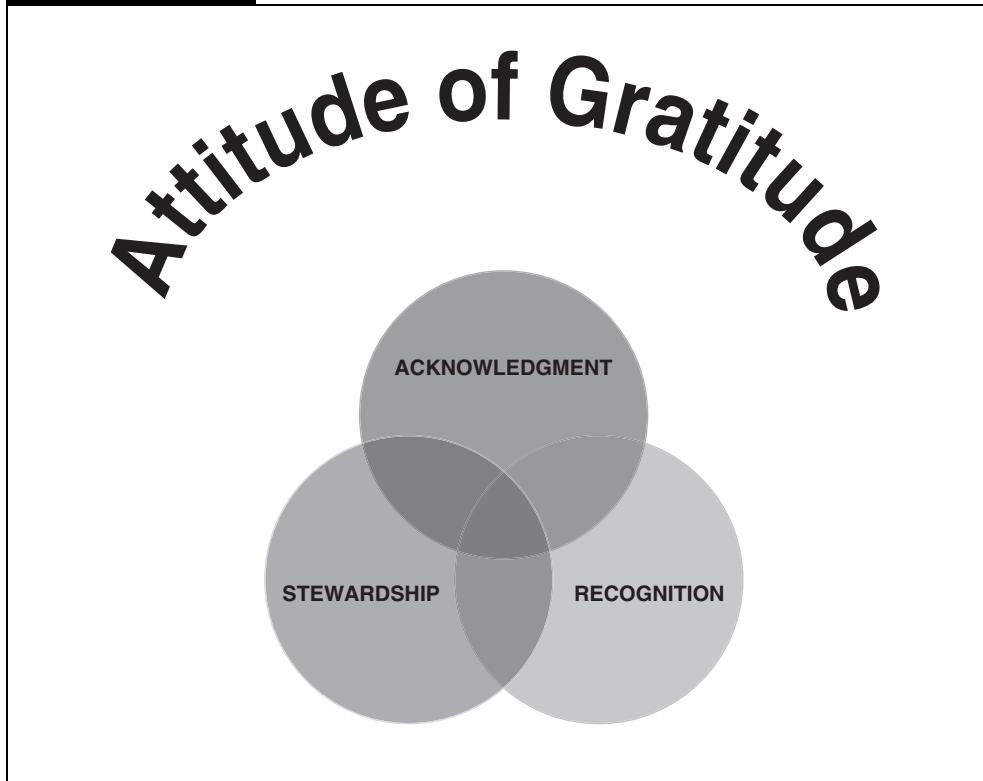
EXHIBIT 1.1

Another approach to the donor relations program is a cycle with four *active* parts, or the four *A*'s:

- 1. Acknowledge**
- 2. Appreciate**
- 3. Account**
- 4. Ask again**

The four-part cycle (see Exhibit 1.1) parallels the approach of the three components. "Acknowledge" is the step of thanking the donor for making the gift. "Appreciate" is the recognition component and "account" is the

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EXHIBIT 1.2

stewardship aspect where the donor is informed about the use of the gifts and the results or outcomes from the gift. “Ask again” is not included in the earlier description of donor relations, but is the next step in both processes that moves the process back to the solicitation of the donor.

In either scenario, the components of donor relations are not independent and separate from one another. They are interconnected and should flow from one to another. All three components are expressions of gratitude (see Exhibit 1.2). Donor relations is more than the sum of its parts. Acknowledgment, recognition, and stewardship should complement one another and together should create a meaningful and unified strategy for a donor.

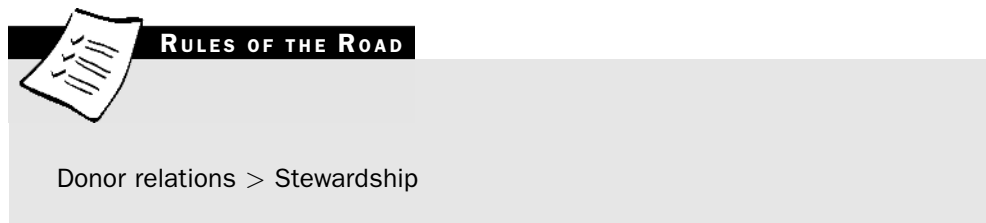
Two central activities are critical to effective donor relations. The first is communications and the second is involvement or engagement. Communication, whether by mail, phone, Internet, or face-to-face, contributes to building the relationship with the donor. Meaningful communication is two-way and provides the donor with opportunities to provide input, ask questions, make

The Meaning of Gratitude

recommendations, and express concerns. As the relationship grows, communication becomes more frequent and is more likely face-to-face.

The second activity central to donor relations parallels communicating with donors. The strategies in a donor relations program are designed to bring the donor closer to the organization. Building a relationship requires involvement in the life of the organization, getting to know the people that lead the organization, including staff and key volunteers, and feeling like a member of the family. The donor who has a close relationship will talk about the organization using the term *we* rather than *you*.

An effective donor relations program will seek to communicate with donors and will focus on strategies that involve and engage the donor in the life of the organization.



The Meaning of Gratitude

Gratitude is a *positive* emotion or attitude that an organization needs to convey to the people who choose to support that organization and its mission. Acknowledgment, recognition, and stewardship are the actions that an organization uses to express the feeling of gratitude. The way that organizations communicate and involve donors in the life of the nonprofit is the means by which an organization lets a donor experience the feeling of being appreciated by the organization. Sincere gratitude expressed in various ways over time is the key to building the relationships that result in commitment and in investment for an organization.

The donor relations program goes beyond acknowledgment, recognition, and stewardship in that these actions alone will not build the relationship. The feeling or attitude of gratitude behind those actions and the meaningful,

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thoughtful, and individualized nature of the actions will make the difference in creating the bond that is desired between the organization and the donor.



IN THE REAL WORLD

A highly important aspect of business today is customer relations. Businesses recognize that their best customers are past customers. Many organizations ask customers to sign up for mailing lists or email lists. Direct-mail flyers, catalogs, sales brochures, and other information pieces are sent primarily to those who have done business with them in the past.

Businesses have customer loyalty programs, from Talbots, which sells clothing for women, men, and children, to Hallmark Gold Crown stores, to grocery stores, pharmacies, and, of course, airlines' frequent-flyer programs. Some of the customer loyalty programs are called *memberships* and one must pay an annual fee. Barnes & Noble bookstores would be in that category. The key chains carried by consumers today often have more member cards for these businesses on them than they have keys. In addition, our wallets are filled with various cards from hotels and car rental companies. Each business offers incentives for frequent use. These may be discounts or certificates for future purchases. Each is intended to motivate the customer to buy more from the specific business. The programs are successful and, thus, more businesses add these programs to get customers to come back.

When one takes a flight, the pilot says over the public address system, "We recognize that you have a choice among airlines, and we thank you for choosing XYZ airline. We hope that when you need to make travel plans in the future, you will choose XYZ again."

The dentist sends the new patient a letter thanking the person for selecting this practice over the others from which one can choose. After shopping in a clothing store, a woman receives a handwritten note from the salesperson with whom she did business. The local car dealership calls a customer within two or three days to ask about the quality of service the customer received when his car was serviced. A handwritten note with a bottle of water and a snack are in the hotel room to welcome back a guest who frequently stays at that specific group of hotels.

Donors have choices, also. Recognizing their gifts as often as possible and in as many ways as possible ensures that they will continue to choose your cause when making their charitable decisions.

Donor-Centered Fundraising

IN THE REAL WORLD (CONTINUED)

Organizations can learn from businesses that have outstanding customer relations programs. In thanking a person for a gift, an organization needs to keep in mind that it is saying “thank you” to a person for choosing to support that specific organization when a multitude of organizations have worthy causes and would like to have that person’s support.

Like the airline pilot, an organization can say, “We recognize that you have a choice of where to provide philanthropic support and we thank you for choosing ABC organization. We hope that when you make future philanthropic gifts, you will choose ABC again.”

Donor-Centered Fundraising

The term *donor-centered fundraising* is used frequently in development and is a principle that development departments endorse. One often sees the “Donor Bill of Rights” hanging on the wall in the development or institutional relations office, on the website, and in the donor relations manual. Making the Donor Bill of Rights a living document takes commitment and work. The concept behind the Donor Bill of Rights is critical to understanding what *donor centered* means. The responsibility for fundraising includes respect for those who make philanthropic gifts, honesty in dealing with those who support the causes in which they believe, and fulfilling the donor’s desire to make a difference and to feel good about giving. In simple terms, the donor and the donor’s interests are the key elements of fundraising and the relationships that the development staff forges between donors and others in the organization are the essence of fundraising.

Those in development need to remember that their jobs are about the donor. “The donor comes first” and “The donor is always right” are two adages that seem appropriate for every development office or department. When questions arise and decisions are made, the donor’s interest should be the most important consideration.

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TIPS AND TECHNIQUES

Share the Donor Bill of Rights

When an organization endorses the Donor Bill of Rights, it takes a giant step in building a culture of philanthropy among its internal and external constituencies. Having the board of the organization as well as the board of the organization's foundation, if one exists, review and endorse the Donor Bill of Rights makes the leadership aware of the principles behind the Donor Bill of Rights and sends a message to staff, volunteers, and donors of the intent of the organization to operate in a donor-centered fashion.

After the board of an organization endorses the Donor Bill of Rights, the document needs to be shared among the organization's constituencies. The following are ways to share the Donor Bill of Rights.

- Hang a framed copy of the Donor Bill of Rights in key locations in the organization, such as near a recognition display, in administrative offices, and in the development, foundation, or institutional advancement offices.
- Post the Donor Bill of Rights on the organization's website.
- Include the Donor Bill of Rights in annual reports or other publications.
- Include the Donor Bill of Rights in board orientation materials and review the document with new board members.
- Include a copy of the Donor Bill of Rights in a new-donor or new-member packet.
- Include in the Donor Bill of Rights in the donor relations manual for the organization.
- Review the Donor Bill of Rights with all new employees of the organization as part of orientation along with other information about the role that philanthropy plays at the organization.

Periodically, in surveys on donor satisfaction, donors should be asked whether they are familiar with the Donor Bill of Rights to determine whether efforts to share the document have been successful.

If a donor wants to make a gift to support a specific program that is not available at the organization that the donor approaches, donor-centered thinking can help guide the organization. If the program is included in the organization's strategic plan and the timing of the gift will fit with other funding to

Donor-Centered Fundraising

make the program happen, the organization may decide to accept the gift and will explain how the gift can be helpful. However, if the donor wants to support a specific program that the organization does not have and has no plans to introduce, the response should be different. For example, a donor wants to make a gift to a children's hospital for research in SIDS (Sudden Infant Death Syndrome), or alumni want to support their college's equestrian program. If the children's hospital does not currently have research in SIDS and the college has discontinued its equestrian program, those organizations should not accept the gifts.

Being donor centered means being honest with donors in explaining that the organization cannot fulfill their expectations and assisting the donors in finding an organization that can meet their wishes. The children's hospital identifies where research in SIDS is occurring, and the college finds out where equestrian programs are offered and assists the donors in making gifts to support the programs in which they have interest. If an organization cannot fulfill the intent of the gift, the donor is not pleased when an organization accepts the gift and uses it in another way.

The story is told that a salesperson in Nordstrom's, which is known for extraordinary customer service, helped a customer by gift wrapping an item that the customer bought at Macy's. The same principle applies here. Helping donors or customers accomplish their goals is the way to put the donor or the customer first.

Another example of donor-centered fundraising is the year-end appeal. Organizations that have a fiscal year that ends on June 30 often send letters to donors in May asking for support by the "end of the year" so the organization can meet its annual goal. While that strategy may work because donors care about organizations meeting their goals, a more donor-centered approach is to ask donors to consider making gifts in the autumn months before the end of the donor's year.

The donor-centered organization will craft its message in a way that appeals to the donor and potential donor. Letters about the "end of the year" should be scheduled and worded to reflect that the end of the year is December 31 for individuals. The timing of the request should be based on the donor and the

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donor's frame of reference rather than the organization and the organization's frame of reference.

A survey conducted by the Direct Mail Association indicates that an organization has the best chance of getting its publication read if it is received in February through May or September. January, August, October, and November are mediocre months and, not surprisingly, June and July, when many people are busy with vacations and outings, are the worst months for direct mail.

Letters in February through May should be more focused on the beginning months of the year, and letters in September, October, and November should be directed to end-of-year giving. If organizations are donor centered, they recognize that many major donors tend to make gifts late in the calendar year, often between Christmas Day and December 31, and those organizations prepare for that pattern of giving.

Donor centered implies that the actions that are used to say "thank you" express appreciation, and that reports back to the donor are not focused on the gift, but are focused on the person who chose to make the gift. If an organization keeps the person's choice to contribute to this specific organization at the center of its thinking, its messages will be more thoughtful and meaningful.

Donor centered also means being flexible and recognizing that every donor is unique with different interests, values, goals, and expectations. The donor-centered organization listens to its donors and is willing to assist them to the fullest extent possible. Some donors like to receive flowers on special occasions while others see flowers as a waste of resources.

One way for members of the staff of an organization to get a sense of why donor relations is important is for them to think of their personal experiences outside the realm of fundraising, such as when the staff member gave another person a gift, perhaps for a birthday or another special occasion. The staff member should think about the feeling involved in making the gift and the expectations that accompanied that gift. Perhaps the staff member did not expect a

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thank-you note but received one. Or the staff member may have expected to receive a thank-you note and did not receive one. Talking about what a thank-you message may have meant and what was included or not included in the message may be helpful in creating a sense of why saying “thank you” is so important.

Another aspect of giving is seeing or knowing that the recipient used or enjoyed the gift. Gift cards have become popular for special occasions and remove the guesswork of choosing a gift. However, knowing how the recipient used the gift card can be meaningful to the donor. Asking staff to put on their donor hats and to think like donors can be challenging for some but can be helpful in creating a better understanding of the importance of interactions and communication with donors.

A donor-centered program is one where staff members in departments other than development include donors in their thinking and assist donors in a prompt and appropriate fashion. When the finance office cannot provide information needed by a donor to make a gift because other matters are more important and questions are raised by members of the finance department or others as to whether these gifts are really worth the trouble, donor-centered fundraising is absent. However, when a staff member is planning an event for the president’s office and approaches development to select a donor who will be attending to serve as the president’s assistant for a magic trick that is planned for entertainment, the organization is donor centered. When a staff member in another department is considering an outreach and public relations effort in the community and immediately approaches the development staff to ask how major donors and major donor prospects might be involved, the organization is donor centered.

When a multitude of gifts arrive in response to specific volunteer activity or at the end of the year, the staff at the donor-centered organization is excited by the positive response. When the development staff complain about the amount of work they have to do to handle the larger-than-normal number of gifts, donor-centered thinking is not occurring.

Donor Relations: What?

DONOR TOUCHPOINT MANAGEMENT

Donor TouchPoint Management (DTM) is a strategy for effective donor relations. The term *touchpoint*, which originates with marketing, is defined as “all of the communication, human and physical interactions customers [donors] experience during their relationship lifecycle with the organization.”²

In 2004, Hank Brigham described a fast-growing movement among those organizations with an interest in improving their customer-centricity through a better understanding of customer interactions, or touchpoints. He called this movement *Customer Touchpoint Management* (CTM).

In the corporate context, touchpoints include advertising, websites, and interactions over the phone or in a store. Mr. Brigham notes, “Touchpoints are important because customers form perceptions of your organization and brand based on their cumulative experiences.” He also points out that “CTM-oriented organizations know they can best enhance relationships with customers by improving touchpoints across the entire enterprise.”³

Relationships with customers are not exclusively the responsibility of the sales and customer service staff. If invoices are not accurate, if the phones are not answered professionally, if the place of business or office is not clean, the relationship can be damaged regardless of how effective the sales and customer service strategies are.

Likewise, in nonprofit organizations, donor satisfaction depends on far more than the interactions that donors have with the development officers with whom they work or those events and activities that the donor relations staff orchestrates. The donor experience is the result of all of the interactions that a donor has with the organization. A name misspelled, a rude or abrupt response to a question, or a complacent attitude about the person’s prior giving can have an impact on the relationship a donor has with an organization.

Thinking of donor relations as “Donor TouchPoint Management” gives us a broader view of the process that improves donor loyalty, donor interest, and donor commitment. The “donor experience” does not end with a gift acknowledgment. The experience merely *begins* with the letter or the phone call that expresses gratitude.

The Thanksgiving card, the phone call from a board member to thank the donor for a recent gift, the invitation to a seminar on a topic of interest to the donor, the small group gathering with the president or chair of the

Donor Bill of Rights

DONOR TOUCHPOINT MANAGEMENT (CONTINUED)

board, and the simple handwritten note at the bottom of a letter are all touchpoints.

Donor relations is the management of those touchpoints that will define the “donor experience” and will build the relationship that will lead to continued support.

Donor Bill of Rights

In the Donor Bill of Rights (see Exhibit 1.3), one of the ten rights specifically addresses acknowledgment and recognition, but all of the rights speak to the donor’s place in the development program. The Donor Bill of Rights calls for organizations to inform donors, to assure donors, and to give donors access to information. The document addresses what a donor should expect and clearly

EXHIBIT 1.3

Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the non-profit organizations and causes they are asked to support, we declare that all donors have these rights.

- I. To be informed of the organization’s mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization’s governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization’s most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.

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- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The Donor Bill of Rights was created by the American Association of Fund Raising Counsel (AAFRC), Association of Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP), and the Council for the Advancement and Support of Education (CASE). It has been endorsed by numerous organizations.

articulates the need to be honest and forthright with donors. Donor relations echoes the principles embodied in the Donor Bill of Rights and gives organizations a framework within which to acknowledge those who give, to show appreciation for giving, and to report on the impact of the donor's philanthropic commitment.

Summary

While the term *donor relations* is relatively new in the vernacular for fundraising, the concept is central to building the relationships with donors that are critical to strong development programs. Donor relations includes everything that happens between the solicitations of a donor. *Donor relations* is often used interchangeably with *stewardship*. However, if donor relations is described as having three basic components, stewardship is only one part of donor relations. Donor relations can be described as acknowledgment, recognition, and stewardship, or as *acknowledge*, *appreciate*, and *account*, followed by *ask again*. Acknowledgment, recognition, and stewardship are the actions that convey the feeling or attitude of gratitude of an organization. Organizations that communicate with donors

Notes

and provide opportunities for donors to get involved are effectively using gratitude to build their relationships with donors. Donor relations needs to be donor centered and focus on the donor's interest and expectations. The Donor Bill of Rights provides standard principles for a donor relations program.

Notes

1. Online at www.afpnet.org, Barbara R. Levy, Editor, R. L. Cherry, Lexicography Editor. Copyright 1996-2003. *AFP Fundraising Dictionary*, Association of Fundraising Professionals (AFP) formerly NSFRE, all rights reserved.
2. "Defining Customer Touchpoints" by Hank Brigman. www.imediaconnection.com. Published: November 02, 2004. Article:
3. Ibid.

