



# Best Practices to Grow Your Donors' Loyalty

*A four-item checklist for sustainable donor stewardship*

by Len Iaquinta, member of the Resource Development Services Advisory Committee

Stewardship of a donor's gifts of money and time is entirely within your agency's control. Yet few organizations approach high performance in this mission-critical philanthropic function.

Dictionary.com's lead definition describes our task for donors and volunteers perfectly; a steward, it says, is one who manages another's property, finances, or other affairs. We, as stewards of donations, accept and manage gifts of money, property, skill, and time. In return, little is demanded of us except communication.

Our duty is stewardship and our reward is loyalty and increased engagement in every way. Although the focus of this column is thanking the philanthropic donor, enhancing your interaction with contract and grant funders will never hurt.

What are the critical indicators of excellence in philanthropic stewardship?

Here is my checklist for best practices; your response should be:

1. consistent,
2. meaningful,
3. sincere, and
4. appropriate.

Sustaining a donor or volunteer's engagement with the agency is far more cost-effective than acquiring new donors and training new volunteers. Sustainable stewardship practices reduce turnover.

Now let's review the checklist and what it takes for you to succeed in building donor loyalty.

## **Consistent: Reputation On the Line**

Your agency's reputation is on the line with *every* gift received. It is essential that you respond every time to each gift and recognize the past donations and service given to your agency by the donor.

If Mary Smith is a valued volunteer, be sure to say so when you thank her for her latest gift. And don't forget to recognize repeat giving within a fiscal year.

Those who give \$35 dollars every quarter are valued foundations of your program, and excellent prospects for major and deferred (estate, for example) gifts down the line.

## **Meaningful: Bond Donors to Your Cause**

The initial thank you and follow-up stewardship responses must be timely, soon after the donation. The larger the gift, the faster and more personal should

be your response. Sometimes a visit to a major donor should be part of the stewardship process.

Think from the donor's perspective: "It is so thoughtful for you to phone to let me know my \$1,000 check just arrived in the morning mail and how grateful you are," the donor thinks. "Even leaving voice mail if I am not home impresses me, because most agencies don't bother showing this kind of appreciation and respect."

That example illustrates why I urge a 24-hour telephone response rule for donations of \$1,000 and up. This call should come from the CEO or other officer when the CEO is absent. Leaving voice mail is OK, but it should be followed up by a personal note card sent contemporaneously.

The agency's official receipt is the smallest portion of stewardship to the donor. It is a legal formality, an Internal Revenue Service inspired document. Nothing you do with it can warm your donor's heart, though putting it in letter format helps.

Don't let the receipt letter be your sole stewardship response. Thank you calls from board members or volunteers, personalized letters (not simply sending occasional newsletters) to keep donors up-to-date with agency progress and what gifts are doing for children and families, birthday greetings, and calling upon the history of a donor's total involvement with the agency when contacts are made

### **Still Time to Register**

The Resource Development Services (RDS) Fund Development Conference will take place April 21-22, 2009, in Milwaukee. This dynamic two-day program is hands-on training for fund development professionals, nonprofit executives, and board members. Watch the *Alliance E-News* and the new RDS website, [rds.alliance1.org](http://rds.alliance1.org), for more information.

## Critical Indicators in Philanthropic Stewardship

For excellence in philanthropic stewardship, here is my checklist of best practices. Your response should be:

### Consistent

- The buck stops with you and you respond every time

### Meaningful

- Timely, soon after the donation
- The human voice reigns
- Sincere
- Not tied to resolicitation
- Demonstrates gift's impact

### Appropriate

- Uses donor's preferred means of communication(s)
- Shows effective use of agency resources
- Comes from the right person(s) in the organization

are techniques that bond the donor to your cause.

### Sincere: Don't Resolicit

Your initial stewardship calls, letters, and visits after a gift cannot be tied to resolicitation. Concentrate on demonstrating the gift's impact relative to its size and fulfillment of any donor designation that was made.

### Appropriate: Reach Donors on Their Terms

When you use the donor's preferred means of communication, you are more likely to get through the clutter and less likely to be perceived as an annoyance.

Remember, you may communicate in writing, by electronic means, or by U.S. mail. Respect the wishes of your donors, volunteers, and other constituencies. Ask, record, and act on their preferences.

The human voice reigns whether your response is by phone, in person, or even

electronically; use it whenever possible. Board members and other volunteers are especially effective. Use board members for the larger gifts and other volunteers for the smaller ones to make the thank you effort manageable. Some agencies are even thanking and stewarding their donors by using video mail as a way to use the human voice over the Internet.

Stewardship efforts, including dinners, tours, and thank you gifts must demonstrate an effective use of agency resources. Think about your letterhead and the image it conveys. Avoid the appearance of wasting money on donors, but respect donors' needs for feedback. It is ideal to secure special donated underwriting for donor appreciation events. This can be an attractive marketing opportunity for some businesses. You might invite a financial services business to help produce a donor thank you tour of the agency with proper amenities.

Even after the initial response, however, don't forget about your donors. Often overlooked is maintaining and strengthening relationships with donors. The thank you, cultivation, and stewardship for major gifts must come from the right person(s) in the organization. One common plan is:

- board chair and CEO for leadership (largest) gifts,
- board officer and CEO for major gifts,
- board member and staff for other gifts, and
- volunteer affiliate officer or board member for gifts of time and talent.

Sometimes including the program director in stewardship is welcomed and effective. Someday, just as deans at universities are expected to devote a portion of time to fundraising and stewardship, agency program directors will become more engaged in donor identification, cultivation, and stewardship. Their agencies will achieve the greatest philanthropic fundraising successes for their efforts.

The point is to reinforce the donor's sense of being appreciated, respected, and informed. Maintaining established stewardship relationships and choosing the right person(s) for new ones separates the peak performing agency from the also-rans.

### Stewardship as a Cost-Effective Strategy

Your donor wants to be treated like a partner. Think of the best relationships you have had with key volunteers during

your career. The camaraderie, access to authoritative information about the agency and its plans, and recognition by a top executive are motivating. The power of personal touch is therapeutic with donors, too. The receiver prizes even "touch" at a distance mediated by mail or electronics.

Most organizations do not invest sufficiently in donor thank you and stewardship activities. Those executives who do benefit by increasing donor loyalty, encouraging the donor to make larger gifts, and inspiring the donor to make major legacy or estate gifts.

Agencies that take donors for granted, instead of treating them like family, acquire donors for a few years only to see them drop away, unconvinced that their support made a difference. At their special events, these organizations fail to collect information about invited guests of guests and neglect to follow up with them to thank and educate them about the benefits their participation brings to the community. Thus, they are unlikely to want to return the next year or send in a check.

Superlative stewardship is easy to implement and a snap to budget. It costs almost nothing except time and creative, donor-centered thought. Support staff and volunteers can do much of the work. It is a joy-filled experience. The supreme guidelines are common sense, courtesy, and respect. Your donors will be pleasantly surprised and impelled to look for more ways to participate in your agency's success. ■



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