Understanding Canadian Donors

Using the National Survey of Giving, Volunteering and Participating to Build Your Fundraising Program

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For more information about the 2000 National Survey of Giving, Volunteering and Participating, including full text of the highlights report, *Caring Canadians, Involved Canadians*, please visit www.givingandvolunteering.ca.

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Canada

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About this manual

Charitable organizations have, by definition, always relied on voluntary contributions from the community and the public at large. Canadians, in turn, have given and continue to give to charity in a variety of ways, to varying extents. Who these Canadians are, why they give, and what types of organizations they support has, up until very recently, not been well understood.

The first National Survey of Giving, Volunteering and Participating (NSGVP) was undertaken in 1997 to gain insight into how and why Canadians support individuals and communities, either on their own or through their involvement with charitable and voluntary organizations. The second NSGVP was carried out by Statistics Canada in October, November, and early December of 2000. The 2000 NSGVP interviewed 14,724 Canadians aged 15 and over about their giving, volunteering, and participating over the previous one-year period (i.e., between October 1, 1999 and September 30, 2000).

The purpose of this manual

This manual is intended primarily for those who are new to fundraising. It has two purposes:

- To highlight some of the significant findings of the NSGVP and show how these can be useful to those charged with fundraising within a charitable or voluntary organization.

- To provide those who are new to fundraising with a brief overview of the steps involved and methods that can be used to develop relationships with donors over time.

The manual includes activities to help readers relate information from the 2000 NSGVP to their specific situation, examples of how some organizations are successfully applying NSGVP information to their fundraising programs, and suggested Key Resources for readers who want additional information.

1 Introduction

Anyone who has ever been faced with raising funds for a charitable or voluntary organization knows that this is no simple task. To succeed at fundraising, a charity has to develop a strong case for support. It has to catch the attention of potential donors and deliver a clear message about the mission of the organization and the purpose for which funds are being raised. When donations are received, the organization must thank donors promptly and, if applicable, send them a receipt for income tax purposes. It must also keep donors informed about what their support has accomplished so that the act of giving is meaningful for donors. The charity must do all of this in an increasingly competitive environment. There are more than 78,000 registered charities in Canada, and a greater number of nonprofit organizations, many of which are vying for the hearts and pocketbooks of Canadians.

To meet fundraising goals, many charities and voluntary organizations have either launched new fundraising programs or intensified existing programs. Many have hired fundraisers or engaged the services of a fundraising consultant.

Fundraising itself has become increasingly professionalized. Associations, such as the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Canadian Council for the Advancement of Education (CCAE), the Canadian Association of Gift Planners (CAGP), and the Society of Fundraising Executives (SFRE) have growing numbers of members across the country. Most of these provide professional development and resources to their members and others. Some, like the AFP, offer certification to their members, who subscribe to codes of professional practice. As well, a number of universities and community colleges across the country offer certificate programs and other programs in fundraising. For more information on professional associations of fundraisers and on educational programs related to fundraising, please see Chapter 9, “Where you can get additional help.”

At the same time, there have been some significant shifts in the thinking of donors. Individual donors have become increasingly selective in their giving. The same is true for foundations and corporations. In response to an overwhelming demand for funds, many have developed guidelines for their giving and become more focused when deciding which types of organizations they will support. Media scrutiny of charities and reports of fundraising scandals have raised expectations about accountability. Increasingly, donors and funders want to be assured that their donations have been used exactly as the charity said they would be, and that they have produced results. In short, the fundraising environment is challenging for charities and voluntary organizations.

Although there is no shortage of information about how to raise funds, there has been less information about donors themselves. Who are they? How do they give? How much do they give? What types of organizations do they support? What inspires their philanthropy? What are the barriers to their support?

The first National Survey of Giving, Volunteering and Participating (NSGVP) was undertaken in 1997 to better understand how Canadians support individuals and communities, either on their own or through their involvement with charitable and voluntary organizations. It provided many insights into how and why Canadians support the work of charities and voluntary organizations, and what Canadians identify as barriers to giving. The second NSGVP, conducted in 2000, deepens these insights.

This manual presents the main findings from the 2000 NSGVP as they relate to fundraising and highlights the implications of these findings for fundraisers.

2 Important donation trends

The behaviour and attitude of Canadian donors appear to have changed between 1997 and 2000. The most significant changes were:

- **An increase in the total amount donated.** Canadians donated more than $5 billion to charitable and voluntary organizations in 2000, up 11% from 1997.

- **An increase in the average annual donation.** The 78% of Canadians who made direct financial donations[1] to charitable and voluntary organizations in 2000 gave an average of $259 during the survey year, an increase of 8% over the 1997 average annual donation of $239.

- **Fewer, but larger, donations.** Donors made an average of 3.7 donations averaging $70 each in 2000. This compares to an average of four donations of $60 each made by donors in 1997.

These first three findings are good news – Canadians appear to be ready, willing, and able to donate to charitable causes. However, here are some other significant findings:

- **Much continues to come from the few.** The top 25% of donors accounted for a greater percentage of total donations in 2000 than they did in 1997. These top donors (those who gave $213 or more in 2000) contributed 82% of the total value of all donations, up from 80% in 1997. Because these donors account for such a large portion of charitable giving, we will look at them in more detail (see "The most generous donors" in Chapter 4).

- **An increase in strategic giving.** More donors reported in 2000 that they planned their giving. One in four (25%) said that they decided in advance of being asked which organizations they would support, up from 20% in 1997. These donors accounted for 39% of the value of all donations, up from 32% in 1997.

- **A decrease in donor loyalty.** Fewer donors reported in 2000 that they supported the same organizations regularly. Forty-one percent of donors said that they donated regularly to certain organizations, down from 44% in 1997. These donors accounted for 59% of the value of all donations, down from 65% in 1997.

- **An increase in donor concerns about fundraising and the use of donations.** More donors reported that the way in which funds are solicited is a barrier to giving more. Nearly half of all donors (47%) cited this barrier, up from 41% in 1997. Almost the same percentage (46%) said that they did not give more because they did not think the money would be used efficiently. This is up from 40% in 1997.

These last four findings suggest that charities need to exercise great care with their donors, especially the top 25% who give the most. We'll explore the significance of these trends and other changes since 1997 in the pages that follow.

[1] The NSGVP asked Canadians about three types of contributions to charitable and nonprofit organizations: direct financial contributions or donations; contributions of food, clothing, and other goods; and indirect financial contributions such as the purchase of goods or services and participation in various forms of charitable gaming in which a portion of the proceeds went to charity.

3 Where do Canadian charities get their money?

Nationally, governments at various levels account for 60% of the funding that flows to Canada's more than 78,000 charities, according to the Canadian Centre for Philanthropy.[2] These funds come to charities in the form of grants, purchase-of-service agreements, and contracts. A further 26% of charitable revenues is in the form of earned income, which includes income from investments, income from related businesses, membership and subscription fees, and income from the sale of products and lottery tickets. The remaining 14% of funds comes from private giving.

The three main sources of private giving are: individual donations, corporate donations, and foundation grants. In 2000, individuals donated almost $5 for every dollar in corporate donations.[3]

This manual focuses on the largest source of private funding: individual donations. For sources of information on foundation and corporate giving, please see Chapter 9, "Where you can get additional help."

How — and how much — Canadians give

Almost 22 million Canadians – 91% of the population aged 15 and older – supported charitable and voluntary organizations by making either financial donations or in-kind donations (donations of goods such as food or clothing) in 2000.

Direct financial donations

Nearly 8 in 10 Canadians (78%) made direct financial donations totaling $5 billion in 2000, up from $4.5 billion in 1997. Most of this support (98%, or $4.9 billion) came from donors who responded to an appeal or who approached an organization on their own. The remaining $100 million came from Canadians who dropped spare change into cash boxes, which are often located at cash registers or on check-out counters in retail outlets.

In addition, 4% of Canadians reported that they included a donation to a charitable, religious, or spiritual organization in their will. Although the survey did not ask people to state the value of their bequests, these can be an important source of funds for charities. In 1997, the Canadian Association of Gift Planners surveyed 300 of its members and discovered that planned or deferred gifts accounted for 19% of the total funds for which these charities issued charitable tax receipts. Seventy percent of these respondents reported receiving these donations through bequests, which are the most common type of planned gift.

Indirect financial support

Indirect financial support to charities from individuals totaled $1.2 billion in 2000, down from $1.3 billion in 1997. This was given in three main ways:

- 70% of Canadians purchased goods (e.g., chocolate bars, poppies) from charities and voluntary organizations, for a total of $415 million, up slightly from $410 million in 1997.
- 43% bought charity raffle or lottery tickets, for a total of $440 million, down from $463 million in 2000.
- 7% participated in charity-sponsored bingos or casinos, for a total of $330 million, down sharply from $409 million in 1997.

Not all of the $1.2 billion that Canadians contributed through these indirect methods ultimately ended up in the hands of charities and voluntary organizations. In the case of sales of chocolate bars and similar products, only

[2] Hall, M. & MacPherson, L. (1997). A provincial portrait of Canadian charities. *Research Bulletin* 4(2,3). Toronto: Canadian Centre for Philanthropy.
[3] In 2000, individual Canadians donated over $5 billion to charitable and voluntary organizations compared to just over $1.3 billion in corporate donations (www.imagine.ca/content/resource_centre/statistics.asp?section=resources).

30% - 50% of the purchase price goes to the charity.[4] Sometimes it is much less. The rest goes to the supplier to cover the cost of the merchandise. The same is true with charity-sponsored bingos, casinos, and raffle tickets. It is also worth noting that while roughly the same number of Canadians participated in gaming activities in 2000 as in 1997, revenues from these activities declined by nearly 12%.

The relative merits of indirect versus direct financial support

Philanthropic giving, that is, giving without the donor expecting any tangible return, accounted for more than 80% of the value of all individual financial contributions to charity. In other words, more than four times as much money came from individuals who made *direct financial contributions* based on support of the cause for which the charity was soliciting funds than came from individuals who purchased a product, bought a raffle ticket, or engaged in charitable gaming.

While indirect financial contributions can be an important source of revenue for some charities, this type of support does little to build a bond between the charity and the individual making the purchase. Instead, the relationship is often one of customer to vendor, with people basing their decisions on the quality or uniqueness of the product being offered.

In addition, securing this type of support can entail a significant investment by charities, which have to recruit, in some cases train, and usually supervise and coordinate, the volunteers who sell the T-shirts, chocolate bars, or raffle tickets, or who staff the bingo halls. Once the cost of the product or gaming activity is factored in, the return to the charity is often small, and the wear and tear on staff and volunteers high. Asking for and getting direct financial support, in contrast, gives a charity the potential to build a long-term, philanthropically inspired relationship with its donors. Based on those relationships, a charity can often obtain higher levels of support from donors over time.

In-kind donations

In addition to direct and indirect financial support, Canadians made in-kind donations:

- 69% donated clothing or household goods; and

- 54% donated food.

Focus on philanthropy

The NSGVP reveals that there are a variety of ways that a charity can generate support from individuals. There can be a place for the sale of goods and for charitable gaming in a diversified fund development program. Many organizations have successfully raised money in these ways. The focus of this manual, however, is obtaining support from people who are willing and able to make philanthropically motivated, direct financial contributions to charities and voluntary organizations. Most Canadians give in this way. Moreover, this type of giving offers the greatest benefit both to charities, which can cultivate strong relationships with donors over time, and to donors, who can feel that their gifts are truly making a difference.

Example: Philanthropic versus "customer" support

A national organization with chapters across the country undertook a review of its fundraising sources. It discovered that 70% of its support from individuals came in the form of funds raised through bingos, raffles, and product sales – in other words, from indirect financial support from individuals who were relating to the charity like customers rather than like donors. Data from the 2000 NSGVP indicate that less than 20% of individual support for charitable and voluntary organizations as a whole comes through this type of activity. The organization realized that it was placing too much emphasis on raising money $2, $3, or $5 at a time through activities that emphasized indirect financial support instead of working on developing long-term relationships with donors based on the merits of the work it was doing in communities across the country. The organization decided to downplay fundraising through indirect sources and to concentrate on building a base of donors who would support it philanthropically.

It's Your Turn...

How do you raise your money?

Examine the financial support your organization receives from individuals.

What percentage of your revenue from individuals comes from direct financial support, i.e., donations?

What percentage of your revenue from individuals comes from indirect financial support, i.e., revenues from activities such as raffles, bingos, and product sales?

How does this compare with the 2000 NSGVP data?

What conclusions can you draw from this?

[4] Nyp, G. (1997). Seller beware. *Front & Centre* 4 (2). Toronto: Canadian Centre for Philanthropy.

4 Who gives: A snapshot

An overview of Canadian donors

The majority of Canadians (78%) contributed financially to charities and voluntary organizations in 2000, according to the NSGVP. Canadians gave, on average, $259 during the survey year. The amount of support varied across Canada. The highest average – $383 – was in Manitoba; the lowest average – $117 – was in Quebec.

The "typical" donor – and other donors

To the extent that there is a typical Canadian donor, she is between 35 and 54 years old, is married, has a post-secondary education, a full-time job, a household income of more than $60,000, and attends religious services weekly. According to the 2000 NSGVP:

- More women than men made donations (women made up 53% of all donors); however, men and women gave the same amount on average ($260 for men, $259 for women).
- Nearly one half (43%) of donors are between the ages of 35 and 54. More financial support comes from people between the ages of 35 and 54 than from Canadians in any other age group.
- Nearly half (48%) of all donors held a post-secondary diploma or a university degree. These donors accounted for over $6 out of every $10 donated (63%).
- Two thirds (66%) of donors were employed. Of these, more than eight in 10 (82%) held full-time jobs.
- Two thirds (66%) of donors were either married or in common-law relationships.
- More than four in 10 donors (41%) had household incomes of $60,000 or more. These donors accounted for almost $6 out of every $10 donated (57%).
- Canadians who attend a place of worship on a weekly basis are more likely to be donors than those who had no religious affiliation, and the more frequently people attended religious services, the more likely they were to give and the more they gave. Almost three in 10 donors (27%) attended weekly religious services.

The typical donor, however, is not the *only* donor. Nearly one third of donors (31%) were not in the labour force, (i.e., were not seeking employment or were retired). More than four in 10 (43%) had a high school education or less. Almost six in 10 (59%) had household incomes of less than $60,000.

Knowing more about your donors and potential donors can help you to consider:

- the obstacles you might encounter in getting their attention;
- the challenges you might face in encouraging them to make a donation;
- the types of fundraising methods and activities that might be most appropriate (e.g., younger people may be more willing to make donations by credit card or through the Internet; older people are more likely to make donations through direct mail); and,
- how best to thank donors and keep them informed of your activities.

For example:

- Although Canadians aged 35-44 were the most likely to be donors (86% of this group made donations in 2000), they gave less, on average, than older Canadians – $242 versus $322 for those aged 45 and older.
- Although young Canadians were the least likely to be donors, more of them gave, and gave more, in 2000 than in 1997. More than one third of this group (64%) made

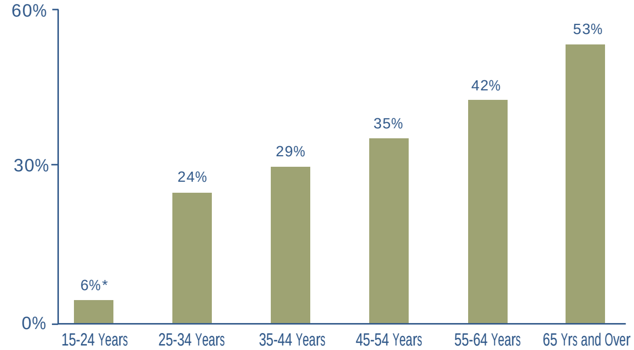
donations, totaling $308 million in 2000, significantly more than in 1997 when 59% of young people made donations totaling $187 million.

- The way donations are made varies across the country. For example, donors in Quebec were far more likely than donors elsewhere in Canada to give in response to canvassing in a shopping centre (15% of the total number of donations vs. just 7% in other provinces) whereas donors in Ontario were the most likely to give in response to mail requests (18% of the total number of donations vs. 14% in other provinces).

- Seniors were much more likely than those in any other age group to give in response to a mail request (see Figure 1). More than half (53%) of donors aged 65 and over made at least one donation in this way, compared to 24% of those aged 25-34; 29% of those aged 35-44; 35% of those aged 45-54; and 42% of those aged 55-64.

- Middle-aged donors were more likely to contribute by sponsoring someone in an event. More than half (53% of those aged 35-54) made a donation in this way, compared to only 35% of those aged 65 and over.

Figure 1. Response to a Mail Request by Age



*Sample size limitations affect the reliability of this estimate.

Key Resources

It can be helpful to know more about the donors in the area in which your organization operates. The 2000 NSGVP includes specific information about donors in each province, available in:

- *Caring Canadians, Involved Canadians: Highlights from the 2000 National Survey of Giving, Volunteering and Participating.*

- A series of 20 provincial fact sheets on donors based on data from the 2000 NSGVP.

All of these resources are available online at www.givingandvolunteering.ca.

The role of religion

Virtually all major religions stress altruism – giving of oneself and one's possessions for the betterment of the community as a whole. It is not surprising, then, that there seems to be a correlation between people's religious practices and their giving behaviour. Nearly eight in 10 Canadians (77%) who made a donation in 2000 said they were affiliated with a community of worship. These people gave an annual average of $296, compared to an average of $146 for those with no religious affiliation, and accounted for 87% of all charitable donations.

The more active the participation in a place of worship and the more intense the religious belief, the higher the donation rate and the total amount donated:

- 90% of those who attended weekly services made a donation, compared to 77% for those who did not attend weekly. The average donation of weekly attenders was significantly higher than that of those who did not attend weekly – $577 versus $176.

- The 11% of Canadians who described themselves as “very religious” accounted for 29% of all donations to charity.

It is important to note that the support of those who claim a religious affiliation reached far beyond their place of worship. Only half (50%) of donors with a religious affiliation gave to religious organizations. The rest gave to a range of other types of organizations.

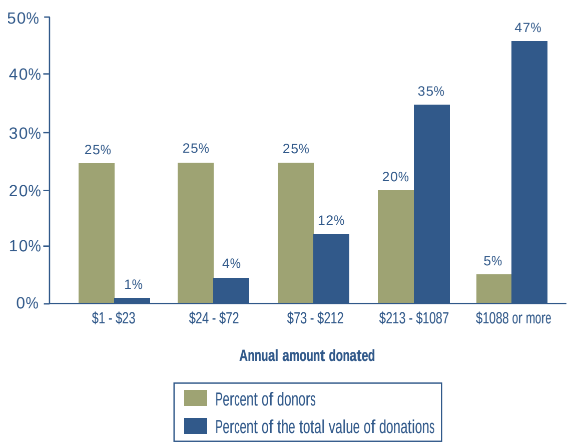
Key Resource

The Role of Religion in Giving and Volunteering contains insights into the connection between donating and religion. It’s available online at www.givingandvolunteering.ca.

The most generous donors

Averages can conceal startling contrasts. This is true of average donation amounts. Looking only at average donations in 2000 hides an important NSGVP finding: more than **four out of every five dollars contributed by to charity came from just 25% of donors.**

Figure 2. Distribution of donors and of amount donated, 2000



The top 5% of Canadian donors – those who made a total annual donation of $1,088 or more in 2000 – accounted for 9% of the total number of donations, but 47% of the total dollar value of all donations.

The next 20% of donors – those who made total annual donations of between $213 and $1,087 in 2000 – accounted for 31% of the total number of donations and 35% of the dollar value of all donations.

If we combine these two groups, we see that the top 25% of Canadian donors – those who gave $213 or more – accounted for 40% of the total number of all donations, but 82% of the total dollar value of all donations made in 2000.

This compares with donors who gave between $73 and $212, who accounted for 29% of the total number of donations and 12% of the value of all donations; donors who gave between $24 and $72 (20% of the number and 4% of the value of all donations); and donors at the lowest end, who gave $23 or less (12% of the number and 1% of the total value of all donations.)

This information confirms what veteran fundraisers know: roughly 80% of the money comes from 20% of donors. **Nearly half of the value of all individual donations came from five per cent of all donors.**

Table 1. Characteristics of top donors and other Canadians, 2000

Characteristic	Top 25% of Donors	Other Canadians
Age		
15-24	5%	19%
25-34	14%	19%
35-44	24%	21%
45-54	23%	17%
55-64	15%	11%
65 and Over	19%	14%
Sex		
Male	48%	49%
Female	52%	51%
Marital Status		
Married / Common law	72%	59%
Single, never married	14%	29%
Widow / Widower	7%	5%
Separated / Divorced	7%	7%
Education		
Less than high school	15%	30%
High school	16%	20%
Some post-secondary	9%	9%
Post-secondary diploma	29%	27%
University degree	30%	13%
Labour Force		
Employed full-time	57%	49%
Employed part-time	11%	13%
Unemployed	2%	5%
Not in the labour force	30%	34%
Household Income		
< $20,000	6%	15%
$20,000-$39,999	18%	29%
$40,000-$69,999	20%	23%
$70,000-$99,999	32%	24%
> $100,000	24%	9%
Religious Affiliation		
Affiliated	85%	71%
No affiliation	15%	29%
Religious Attendance		
Attend services weekly	40%	13%
Attend services non-weekly	35%	39%
Do not attend services	25%	48%
In-Kind Donations		
Household items	87%	65%
Food	72%	50%
Volunteer Status		
Volunteer	46%	22%
Non-volunteer	54%	78%
Participation Status		
Member	73%	45%
Non-member	27%	55%

Who are these most generous donors? Compared with other Canadians, they are more likely to[5]

- **Be older.** Almost 6 in 10 (57%) are 45 years of age or older, compared to 42% of other Canadians.

- **Work full-time.** Almost 6 in 10 (57%) were employed full-time, compared to 49% of other Canadians.

- **Be university-educated.** Nearly one in three (30%) held a university degree, compared to 13% of other Canadians.

- **Have higher than average household incomes.** Nearly 6 in 10 (56%) had household incomes of $60,000 or more, compared to only 33% of other Canadians.

- **Attend weekly religious services.** Four in ten (40%) attended weekly religious services, compared to only 13% of other Canadians.

- **Volunteer.** More than 4 in 10 top donors (46%) volunteered through a charitable or nonprofit organization in 2000, compared to only 22% of other Canadians.

- **Make in-kind donations, such as food, clothes, and household items.** Nearly 9 in 10 (87%) of top donors contributed household items to charity, compared to 65% of other Canadians. More than 7 in 10 (72%) donated food, compared to just half (50%) of other Canadians.

Why these numbers matter

If you are reading this manual, you are probably trying to improve your organization's fundraising by answering at least two important questions:

- Where can we find more donors?

- What are the best fundraising strategies to use to turn these people into loyal supporters of our organization?

To determine who will support you in the future, you first need a clear picture of who supports you now. How old are your donors? What is their income? How well educated are they? Where do they live? Do they have a religious affiliation. Are they employed, unemployed, or out of the workforce?

How is this helpful?

First, this information can indicate where you have fundraising potential in the short-term. For example, if most of your donors (or those whom you plan to ask for money) are younger or have lower income or education levels, you may want to give some thought to how the work of your organization might appeal to other segments of the population who have a greater potential to give and are more likely to give. This is not to suggest that your current or more modest contributors are not valuable to your organization or that you should stop encouraging their support. But you may also want to find ways to welcome new donors to your organization.

Second, although it is important to keep short-term objectives in mind, experienced fundraisers always think about medium- and long-term goals as well. The 2000 NSGVP data can indicate where you may have potential in the years to come. For example, people aged 50 and over accounted for 29% of the population. Statistics Canada estimates that people aged 50 and over will make up 32% of the population of Canada by 2006, and 35% by 2011. This is important to fundraisers because the NSGVP shows that individuals' average annual donations tend to increase with age. Many people are in their peak earning years in late middle-age. By this time, they have typically paid off their mortgages, educated their children, and fulfilled many of their material desires. These individuals have a greater capacity to give. If they have developed good links with your organization, they may be good candidates for major gifts or planned giving. (See Chapter 8, “Making the most of your relationship with donors.”)

Third, comparing NSGVP data to demographic data and trend analysis (see, for example, demographer David Foot's book *Boom, Bust and Echo 2000*, pollster Michael Adams's *Sex in the Snow: Canadians' Social Values at the End of the Millennium* or Judith Nichols's *Transforming Fundraising*[6]) can provide some insights into the best approaches to different segments of the population. For example, older people tend to be cash payers who are less trusting of technology. They are, therefore, less likely than others to make donations on their credit cards. Baby boomers, on the other hand, are more likely to have embraced the “buy now, pay later” credo and to like

[5] McKeown, L. & Lasby, D. (2002). More comes from the few: Canada's top donors. *Research Bulletin* 9(2). Toronto: Canadian Centre for Philanthropy.
[6] Foot, D. (1999). *Boom, Bust and Echo 2000. Profiting from the demographic shift in the new millennium.* Toronto: Stoddart Publishing.
Adams, M. (1998). *Sex in the Snow. Canadian social values at the end of the millennium.* Toronto: Penguin Books of Canada.
Nichols, J. (1999). *Transforming Fundraising. A practical guide to evaluating and strengthening fundraising to grow with change.* San Francisco: Jossey-Bass Inc.

monthly payment and credit card options. They are, therefore, likely to be good candidates for giving programs that take a preset amount from their account off their credit card each month. Baby busters (those born between 1965 and 1977) tend to be more computer literate than other segments of the population and to be more comfortable with a "cashless society." Internet giving options may have more potential with this age group than with older donors.

Finally, by building a solid picture of your current donor base and comparing it with national or provincial data from the NSGVP, you can get an indication of your performance against national or provincial averages. How does your donor profile match the national profile or the profile for your province? Do you have more of the type of donor who tends to give at the lower end of the spectrum, or at the higher end? Based on this information, what changes would you make to your donor acquisition or donor retention program?

Example: Knowing your donors

A human rights organization knows that its donors tend to be more religious than the average Canadian. The organization's director of development states, "They come from a broad range of religious backgrounds and tend to be more involved in their church. Knowing that allows us to be more respectful when we're talking to them. It also makes us think that Easter and Passover, for example, are seasons when people might be interested in doing something charitable. Also, December 10th is International Human Rights Day and that comes around the same time as Hanukah and Christmas. That tells us that it might be a good time to do a special campaign."

The same organization also surveys its donors. "We ask them about their motivations: what made them join our organization, what aspects of our work appeal to them," says the director of development. This helps the organization address donor interests in its ongoing communications and in future requests for support.

It's Your Turn...

Getting a picture of the "value" of your donors' donations

Divide your donors into five groups, based on the total value of each donor's gifts to your organization over the past year. How many donors do you have in each group, and what is the total value of these donors' contributions to your organization?

2000 NSGVP	Your Organization
• Top 5% of donors who donated $1,088 or more accounted for 47% of the total value of all donations.	• Number of donors who gave $1,088 or more to your organization: ___ • Total value of their donations: ___ • % of total value of donations to your organization: ___
• Next 20% of donors who donated $213 to $1,087 accounted for 35% of the total value of all donations.	• Number of donors who gave $213 - $1,087 to your organization: ___ • Total value of their donations: ___ • % of total value of donations to your organization: ___
• Next 25% of donors who donated $73 to $212 accounted for 12% of the total value of all donations	• Number of donors who gave $73 - $212 to your organization: ___ • Total value of their donations: ___ • % of total value of donations to your organization: ___
• Next 25% of donors who donated $24 to $72 accounted for 4% of the total value of all donations	• Number of donors who gave $24 - $72 to your organization: ___ • Total value of their donations: ___ • % of total value of donations to your organization: ___
• Last 25% of donors who donated $1 to $23 accounted for 1% of the total value of all donations	• Number of donors who gave $1 - $23 to your organization: ___ • Total value of their donations: ___ • % of total value of donations to your organization: ___

What conclusions can you draw from this?

5 Charitable giving: Motivations and barriers

Why people give

Canadians who responded to the 2000 NSGVP cited a variety of reasons for choosing to spend a portion of their discretionary income on charitable giving:

- 94% said they gave out of compassion for those in need.
- 91% gave to support a cause in which they personally believed.
- 69% gave because they had been personally touched by the cause supported by the organization, (e.g., they gave to a children's hospital that had helped a family member).

These findings confirm focus group research done by the Angus Reid Group for the Canadian Centre for Philanthropy. This research showed that "for those who make regular donations, it appears that donorship can be a very personal activity, motivated by past history which makes the individual lean toward a specific charity, such as a family member passing away from a disease or from being helped personally by an organization."[7]

A significant percentage of donors gave out of a belief that they owed something to their community (58%) or to fulfill religious obligations or beliefs (31%).

Only 13% of donors said they were motivated by the desire to get a tax credit, but, as we will see, tax considerations were important for donors at the higher end of the giving spectrum.

Implications for fundraisers

The three key factors that influence a person to make a charitable donation are capacity, connection, and commitment. In other words, a person must have:

- the financial resources to make a gift (capacity);
- some affiliation or affinity for the organization or cause (connection); and,
- some track record or expressed interest in giving (commitment).

Paying attention to these three variables will focus you on individuals who have an ability to give, who may have some interest in your cause, and who are interested in giving.

Who are these people most likely to be? Keep in mind that 91% of donors gave to support a cause in which they personally believed and 69% gave because they or someone they knew had been personally affected by the cause. In other words, they are not complete strangers to you or your cause.

First and foremost, your prospective donors are people already active in some way with your organization. These could include your board members, volunteers, employees, members, constituents, audiences, or clients.

The 2000 NSGVP revealed that 95% of those who served on boards of directors or committees for nonprofit organizations made charitable contributions. The average total annual donation of these board and committee members was $541 – more than twice the $216 average of donors who did not serve on boards or committees. Although the NSGVP doesn't tell us whether all of these board and committee members made donations to the organizations on whose boards or committees they served, the data seem to indicate that those who were more active in charitable organizations were also more likely to provide financial support. Do all of your board and committee members contribute financially to your organization?

In addition to board and committee members, most organizations have volunteers who help in a variety of capacities. According to the 2000 NSGVP, 91% of Canadians who gave their time as volunteers also made donations to charity. This compares to a donor rate of 73% for non-volunteers. Moreover, the average annual donation made by people who volunteered was $426, more than twice the average donation made by non-volunteers ($184). While the ability of individual volunteers to give can vary, you will probably find that most would be willing to

[7] Angus Reid Group. (1997). *Perceptions of charitable organizations: Final report of qualitative research,* submitted to Canadian Centre for Philanthropy, June, 1997. Toronto: Author.

contribute if asked. And who better to recruit as donors than people who already know your organization and its work, and who care enough about it that they are already giving their time?

The second place to look for new donors is among those who have been actively involved with your organization at some point in the past. These could include lapsed donors, past or retired employees and volunteers, and past constituents or clients. These people already know something about your mission and activities, which means you have one less hurdle to clear in gaining their support.

Lapsed donors (people who have given to you in the past, but who no longer give to you) are often overlooked by charities. Charities may feel that these donors have made a conscious decision to stop giving. This may be true. However, a variety of other factors, including forgetfulness and procrastination, may also be at work. Some veteran fundraisers have estimated that the chance of getting a donation from a lapsed donor is three to five times greater than getting one from someone who has never supported you before.

Finally, there is that large group of people who are another step removed from your organization. These could include families of constituents, contacts of current donors, and those who have an interest in the work of your organization. Within this group, you should look for people with some basic level of affinity for your cause. A conservation organization, for example, has reasoned that avid anglers have a keen interest in preserving the nation's salmon stock and the ecosystems in which salmon thrive. It acquires lists of all licensed salmon anglers in North America and mails regularly to them to inform them about its work and to ask for support. It is building a base of donors and members from among this group. Not every organization can get access to such a specific group of prospective donors, and privacy legislation must be respected. But thinking creatively about who is most likely to support your organization can lead to some interesting approaches.

Top donor motivations

Top donors were more likely than other donors to give because they felt they owed something to the community (75% of top donors; 53% of other donors), or to fulfill religious obligations or beliefs (48% of top donors; 25% of other donors).

A word on privacy

Charities and voluntary organizations must be careful to comply with privacy legislation. ***The Personal Information Protection and Electronic Documents Act (PIPEDA***) is the federal legislation that sets out how organizations (including charities) may collect, use, or disclose personal information. It applies in provinces that have not enacted substantially similar legislation.

To ensure that they are complying with legislation, charities and voluntary organizations should review what information they gather on their donors, why and where they gather it, whether they need or have permission of donors to gather and use this information, and how they manage this information.

Privacy 101: A Guide to Privacy Legislation for Fundraising Professionals and Not-For-Profit Organizations explains that you must be clear on what information you collect and why. "In some cases this will be obvious. You ask for donor address information on a direct mail coupon in order to send a tax receipt and thank-you note. But, if you have a field for email addresses on direct mail coupons, consider why that information is being collected. If the answer is that you want to create a complete information file on every donor in the event some day you decide to use email to contact donors, don't do it without consent. On the other hand, if you have a plan to introduce e-receipts or an e-newsletter in the next few months, that may be reasonable." (For more information on the guide, see "Key Resources" below.)

The guide points outs that "Privacy legislation is based on the expectation of a 'reasonable person' that you collect only the information required to carry out that particular transaction. For instance, individuals may request specific information from your Web site. If your practice is to send information via email, collecting the individual's email address is reasonable. If, however, you never send information from online requests by mail, why are you asking for a complete mailing address? Just because you want to add that individual to your mailing list is not reason enough unless you make it clear that this is why you are requesting (not requiring) the information." It adds, "Be particularly aware when collecting the following types of information and understand clearly why you collect it: birthdays, ages, gender, relationships (e.g., next-of-kin information on a memorial card), etc. It may be perfectly reasonable to collect any of these pieces of personal information, but each organization will be different."

Key Resource

Privacy 101: A Guide to Privacy Legislation for Fundraising Professionals and Not-For-Profit Organizations is a joint publication of the Association of Fundraising Professionals, the Association for Healthcare Philanthropy, the Association of Professional Researchers for Advancement, and the Canadian Centre for Philanthropy. It explains everything charities and non-profits need to do to comply with federal and provincial privacy legislation. The Guide is available online at www.ccp.ca.

Example: Understanding motivations

The overwhelming majority of donors give out of compassion, to support a cause in which they believe, and to give back to an organization that has personally helped them or someone close to them. To ensure that these donors feel that their gifts are important and appreciated, an amalgamation of hospital foundations has implemented thank-you calls to donors.

"We call and say thank you before we cash the cheque," says the director of development. "Within three days of receiving a donation, I make sure that the donor is telephoned, either by a staff member or by a volunteer who works within the hospital. We do that for every single donation. We say, 'We're just calling to say thank you for your donation and you can expect to receive your charitable tax receipt within the next two weeks.' That's all. And people are astonished, in a positive way."

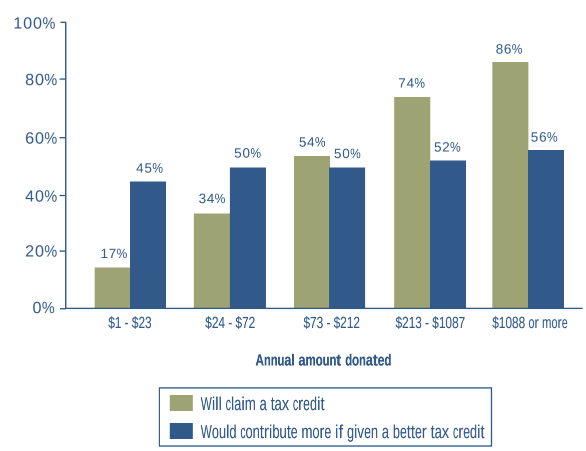
The purpose, he says, is to assure donors that someone has actually received the cheque. Because the foundation is so large, it can take two or three weeks before a cheque is processed, goes to the finance department, is batched, sent to the bank, and the tax receipt is printed and mailed. The foundation still sends out the tax receipt with a letter of thanks. "But before we do that, we make sure that people know that their donation has actually arrived."

A word on tax credits

According to the 2000 NSGVP, only about one in seven donors (13%) said their giving was motivated by the desire to get a tax credit that would reduce their income taxes. However, this does not mean that tax credits are not important. Although most experienced fundraisers agree that receiving a tax receipt rarely influences *whether* someone will make a donation, it can have an effect on *how much* a person gives. For example, before 1996, Canadians could claim tax credits for charitable donations up to a maximum of 20% of their taxable income. This was increased to 50% for the 1996 tax year and coincided with a 14% increase in charitable giving in 1996.[8]

In general, the more a donor gives, the more likely that donor is to claim a tax credit for charitable donations. While less than half (45%) of donors overall said they would claim a tax credit for charitable donations, this soared to 86% for the top 5% of donors who gave more than $1,088 a year. Seventy-four percent of donors who gave between $213 and $1,087 a year said they would claim a tax credit when they filed their income tax returns. More than one half (52%) of these top 25% of donors said they would contribute more if they were given a better tax credit. What does this mean for your fundraising efforts?

Figure 3. Donor attitudes and the tax credit, by annual amount donated, 2000



[8] McKeown , L. (2001). Trends in individual donations: 1984 – 1999. *Research Bulletin* 8(1). Toronto: Canadian Centre for Philanthropy.

First, although donors are motivated primarily by the cause they are supporting, it pays to communicate the "net" cost to them of their donation after their tax credit is taken into consideration, especially if they are major gifts donors or major gifts prospects.

Second, send tax receipts – and thank-you letters – to donors promptly, with a reminder to them to include these receipts when they file their income tax returns.

Third, if you have a number of high-end donors, consider a mailing to these donors just before income tax season. That will remind them to gather their receipts and attach them to their tax forms.

Fourth, depending on your donors, you may want to consider a special year-end solicitation. One organization with many affluent donors sends a letter out about six weeks before Christmas. This organization reports that it has "significant" cash flow in the last two weeks of December when these donors make their last charitable gifts of the year with capital gains avoidance in mind. The 1997 federal budget cut in half, on a trial basis, the capital gains tax on any publicly traded equities (i.e., stocks, bonds, bills, warrants, and futures) donated to a registered charity. This reduction was made permanent in 2002. When this capital gains tax deduction is added to the value of the charitable donations tax credit, the total tax benefit can be as much as 64% for the donor.[9]

Key Resource

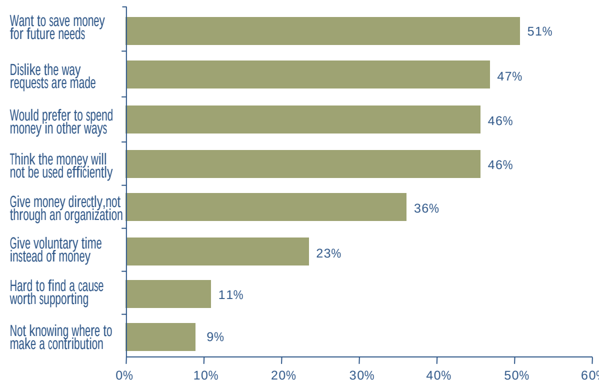
The Canadian Centre for Philanthropy has produced a brochure called Give Generously & Wisely that includes information for donors on how they can use the charitable tax credit to increase their donations. It's available online at www.ccp.ca.

What stops people from giving

Understanding what prevents people from making a donation is perhaps more important for fundraisers than understanding donor motivations. If you know what stops donors from giving more and non-donors from giving at all, you can give some thought to how to overcome these barriers.

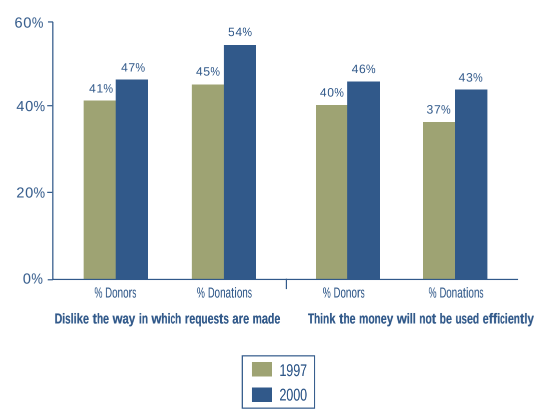
The 2000 NSGVP revealed a number of key barriers to donors giving more. Fundraisers should pay particular attention to two barriers.

Figure 4. Reasons for not donating more, Canadians donors, 2000



The 41% of donors who said that they did not give more because they did not like the way in which requests were made accounted for nearly half (45%) of the total value of all donations in 1997. In 2000, the 47% of donors who expressed this view accounted for 54% of the value of all donations. The 40% of donors who said that they did not give more because they thought the money would not be used efficiently accounted for 37% of the value of all donations in 1997. In 2000, the 46% of donors who expressed this view accounted for 43% of the value of all donations.

Figure 5. Reasons for not donating more, donors and donations, 1997 and 2000



Do all donors feel the same way? No.

Donors at the higher end of the giving spectrum were more likely than those at the lower end to say that they did not give more because they did not like the way in which requests were made. More than half of the top 5% of donors who gave $1,088 or more and of the next 20% of donors who gave between $213 and $1,087 cited this

[9] The capital gains inclusion rate was lowered from three-quarters to one-half during 2000, lowering the effective capital gains tax rate on donated securities to 25%.

as a reason for not giving more (55% and 52% respectively). This is an increase from 48% for both groups in 1997. This is the only barrier to giving more that was more likely to be cited by top donors than by those who gave smaller amounts.

Another significant barrier for top donors was thinking that the money would not be used efficiently. Nearly half (45%) of the top 5% of donors and of the next 20% of donors cited this as a barrier to giving more. Donors who gave less, however, were more likely to cite this as a barrier (48% of those who gave $23 or less; 43% of those who gave between $24 and $72; and 47% of those gave between $73 and $212).

Finally, a significant number of top donors expressed concerns about administrative and fundraising costs. More than four in 10 (42%) of the top 25% of donors who gave more than $212 said that the amount of money charities spent on administrative and fundraising costs was too high.

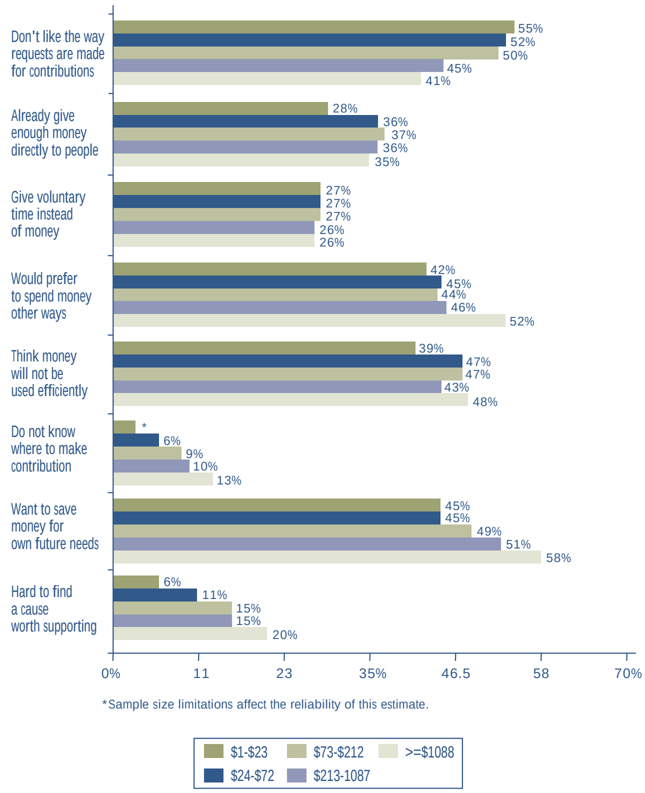
For **donors at the more modest levels,** the most commonly identified barrier was: "There seems to be so many organizations, sometimes I do not feel like giving to any." This was cited by 67% of those who made an average annual donation of $212 or less.

For **donors who gave between $73 and $212** (12% of the value of all donations): Do not like the way requests for donations are made (50%); Want to save money for future needs (49%); Think the money will not be used efficiently (47%); Too much money is spent by charities on administration and fundraising (47%).

For **donors who gave between $24 and $72** (4% of the value of all donations): Want to save money for future needs (51%); Do not like the way requests for donations are made (45%); Think the money will not be used efficiently (43%); Too much money is spent by charities on administration and fundraising (41%).

At the lowest end, for **donors who gave $23 or less** (1% of the total value of donations): Want to save money for future needs (58%); Think the money will not be used efficiently (48%); Do not like the way requests for donations are made (41%); Too much money is spent by charities on administration and fundraising (34%).

Figure 6. Reasons for not making donations at all, Canadian non-donors, 2000



The 2000 NSGVP also revealed the key barriers to non-donors giving at all.

Implications for fundraisers

Why are these barriers important? Because **donors who identified these concerns tended to give less.** Donors who said there are so many organizations seeking donations that they sometimes don't feel like donating to any gave an average of $228 a year, substantially less than the average of $323 given by those who did not hold this belief. Similarly, donors who said they did not think the money would be used efficiently gave, on average, less than those who did not share this concern.

Focus group research done for the Canadian Centre for Philanthropy by Angus Reid concluded that people who made sporadic donations tended to be very influenced by the method of solicitation and their perceptions of the organization that was asking for money.[10] These people thought it was extremely important that the individuals asking for funds "be dedicated to the organization themselves" rather than be paid to obtain donations. They also felt strongly that the individual soliciting funds

[10] Angus Reid Group. (1997). *Perceptions of charitable organizations: Final report of qualitative research,* submitted to Canadian Centre for Philanthropy, June, 1997. Toronto: Author.

should be able to provide details on "where the funds are going." Sporadic donors also wanted to know how much of their money would go to the cause and how much to administration and overhead. They favoured information sheets that outlined the organization's budget and how its money is spent. While attending to all of these matters won't necessarily guarantee a donation, ignoring them may result in a lost opportunity.

The 2000 NSGVP information on barriers suggests a few steps that fundraisers can take to improve their chances of securing donations.

Target your donors carefully. The 2000 NSGVP data tell us that most Canadians (65% of donors and 63% of non-donors) felt there were so many organizations asking for money that, in the end, they sometimes didn't feel like giving to any of them at all. It is important, then, to assess your organization's profile among potential donors before you ask for funds. You should target your approaches primarily to those who are the most likely to have an affinity for your cause. People are generally more open to receiving information and a request for support from a cause they care about than they are to being solicited for funds for a cause that is unfamiliar to them or that they are unlikely to care about.

When approaching individuals for support, be sure to tell them what their donation will accomplish. More than four of every 10 donors (44%) said that they thought their donations would not be used efficiently. Provide information about what your organization has accomplished in the past. Tell stories and provide testimonials about lives that have changed because of money you have successfully put towards your cause. Outline concrete plans for the funds you are seeking to raise.

Practice full disclosure. This will help to address concerns that "too much money is spent on administration or fundraising." Make your annual report and financial statements available to donors who want this information. Disclose how much is spent on programs, and how much on administration and fundraising. Answer donors' questions about how you raise money, and educate them about the costs associated with fundraising.

Key Resource

The Canadian Centre for Philanthropy's *Ethical Fundraising and Financial Accountability Code* includes a section on donor rights. Some of the best practices highlighted in that section address two important barriers to giving – thinking that the money will not be used efficiently and not liking the way in which requests for donations are made. These are:

Donors and prospective donors are entitled to the following, promptly upon request:

- the charity's most recent annual report and financial statements as approved by the governing board;
- the charity's registration number (BN) as assigned by the Canada Revenue Agency (CRA);
- any information contained in the public portion of the charity's most recent Charity Information Return (form T3010) as submitted to CRA;
- a list of the names of the members of the charity's governing board; and,
- a copy of this Ethical Fundraising and Financial Accountability Code.

Donors and prospective donors will be treated with respect. Every effort will be made to honour their requests to:

- limit the frequency of solicitations;
- not be solicited by telephone or other technology; and,
- receive printed material concerning the charity.

The Ethical Fundraising and Financial Accountability Code, and information on how your organization can adopt it, is available at www.ccp.ca/ethical_code.

Example: Starting close to home

When a small social service organization launched its fundraising program, it took some simple steps to appeal to those already close to the organization. It began a modest direct mail campaign and added donation information and a tear-off coupon to the monthly newsletter it sends to its volunteers and clients. Donors acquired through direct mail now receive the newsletter every other month. The organizations started a Christmas giving campaign, asking newsletter readers to consider making donations on behalf of people on their Christmas list; in return the agency would send a Christmas card thank-you. Finally, it added donation information and a coupon to its agency brochure, so that people inquiring about the agency and its services would receive a fundraising message as well.

"The biggest lesson we've learned is that if you don't ask, you won't get any money," the agency's director said. "We've been amazed. There are lots of people who will give if you ask." Before the agency started its fundraising program, it received a few thousand dollars a year in unsolicited gifts. Now, after taking a few simple, basic steps, it brings in 10 times that amount.

Example: Understanding barriers

Guy Mallabone, vice president, external relations and Tony Myers, principal gifts officer at the Southern Alberta Institute of Technology (SAIT) surveyed 1,203 Canadian donors by telephone in 2000. They found that the number one reason donors gave for discontinuing their support for an organization was, "You didn't do what you said you were going to do with my donation." Says Mallabone: "People want to hear and see what the impact of their gift is. As fundraisers, we must report back. The real world reports what your RRSP fund has done. The real world reports back what you've done if you've invested in an organization. We need to do the same. We need to report on outcomes."

SAIT employs a full-time stewardship coordinator to ensure that its donors are kept informed. "This person keeps a master schedule and knows which significant relationships need reports – and I mean significant reports, not just number and charts, but letters from some of the beneficiaries or pictures of what was built, or we invite them to come in and see their gift in action. As much as possible, we tailor the report to the individual donor."

Mallabone, who used to be the sole employee in a small arts organization, has some advice for small organizations that can't afford to hire a stewardship coordinator. "I was the executive director/fundraiser," he says. "I turned on the lights in the morning, I did the books, I ran the programs." Even in such a small shop, he says, "You can demonstrate to donors that you are doing what you said you would do with the money. Pick up the phone and tell them."

It's Your Turn...

Identifying potential donors

Are the following people contributing financially to your organization? If not, what could you do to solicit their support?

- current and former board members;
- staff;
- key volunteers;
- constituents, e.g., alumni (colleges and universities), patients (hospitals), audiences or regular ticket buyers (performing arts organizations), congregations (places of worship), clients (e.g., those who have been helped by health organizations, social service organizations, etc.);
- lapsed donors;
- those who support organizations similar to your own; and,
- affluent individuals with whom someone in your organization has a peer relationship.

Barriers to giving

If you want to find out why your donors support your organization, you can just ask them. Many charities and voluntary organizations survey their donors to find out why they gave and what interests them most about the work of the organization. If you use the telephone to thank donors, you can also get some idea of what motivated them to give.

Finding out why people *don't* give is more complicated, however, but you can get a little insight into how donors think if you consider your own personal giving.

- Do you plan your charitable giving for the year?
- What percent of your annual income do you commit to charity each year?
- What factors motivated you to support the charities you gave to in the last year? What is your relationship with those organizations? Do you plan to continue supporting them in the coming year? Why?
- Are there any organizations that you gave to in the past year that you do not intend to support in the coming year? Why? What, if anything, could those organizations do to retain your support?
- Did you receive appeals from organizations that you ended up not giving to in the past year? What prevented you from giving to those organizations? What, if anything, could those organizations have done to win your support?

6

Strategic giving and donor loyalty

Strategic giving

Donors made fewer, but larger, donations in 2000.

- 70 million donations were made in 2000, down from 74 million in 1997.
- Donors made an average of 3.7 donations each in 2000, down from an average of 4 donations each in 1997.
- The average amount given as a single donation was $70 in 2000, up from $60 in 1997.

There were differences among donors, however. The top 25% of donors (those who gave $213 or more during the year) made an average of almost six individual donations of $147 each, for an average annual total of $851. The other three quarters of donors made an average of only three individual donations of $21 each, for an annual average total of $63.

Also, donors appear to be becoming more strategic in their giving. In 1997, only 20% of donors said that they decided in advance which *organizations to support*; the donations of these individuals accounted for only 32% of the total value of all donations. In 2000, however, one in four donors (25%) reported that they had strategically planned which organization to support, rather than deciding at the time a request was made. These donors accounted for 39% of the total value of all donations.

In 1997, nearly 16% decided in advance how much *money they would donate* annually, down from nearly one in five (18%) in 2000. These donors accounted for almost one third (31%) of the total value of all donations made in 1997, compared to 33% in 2000.

Do all donors behave in the same way? No. The more money a donor gives, the more likely he or she is to decide in advance which organizations to support and how much money to give. More than four in 10 (41%) of donors who gave $1,088 or more during the year decided in advance which organizations they would support, as did more than one third (35%) of donors who have between $213 and $1,087. One quarter or less of other donors planned in advance: 25% of those who gave between $73 and $212; 22% of those who gave between $24 and $72; and only 16% of those who gave $23 or less.

Similarly, four in 10 (40%) of the top 5% of donors who gave $1,088 or more during the year decided in advance how much they would give, as did more than one quarter (26%) of the next 20% of donors who have between $213 and $1,087. Fewer than one in five of other donors planned in advance: 17% of those who gave between $73 and $212; 14% of those who gave between $24 and $72; and only 12% of those who gave $23 or less.

Example: More on planning ahead

Research done by Decima Research in October 2000 for the Investors Group, a financial services company, confirmed what the 1997 and 2000 NSGVPs found: "Canadians are more generous when they plan their charitable giving ahead of time rather than making a contribution on the spur of the moment."[11]

Decima Research surveyed 21,015 Canadians aged 18 and over by phone in October 2002. It found that 32% of Canadians planned their giving. These Canadians claimed a tax deduction averaging $756 annually. That's nearly three times more than the $270 claimed annually by those who said that they waited to give until they were asked. Among other findings:

- Donors want to have a personal connection to the cause (65% of donors), but also want the charity to meet their expectations in the work it does (59%) and how well it appears to perform that work (51%).

[11] Investors Group. (2003, March 23). *Charitable donations largest when planned.* Available online at www.investorsgroup.com.

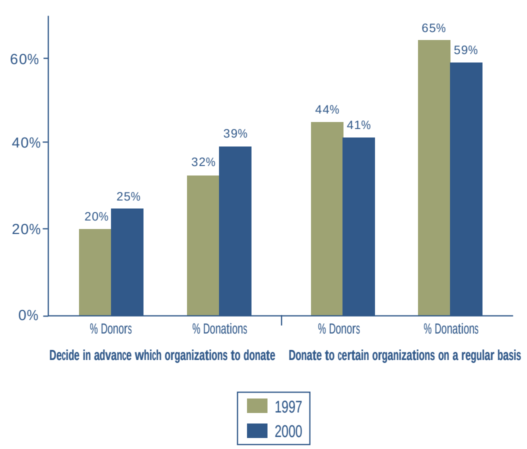
- Younger Canadians (aged 18-24) are more influenced by personal considerations, such as stories about the people the charity has helped (63%).

- Older Canadians are more influenced by financial reports and impartial evaluations (37% of donors aged 55 and older).

Donor loyalty

While more donors report that they are planning their giving, fewer donors report that they are giving regularly to the same organizations. "Loyal" donors also accounted for a smaller percentage of total donations in 2000. Just over four in 10 donors (41%) reported that they donated regularly to the same organizations in 2000 and accounted for 59% of the total value of all donations. In 1997, 44% of donors said they gave regularly to the same organizations. These donations accounted for almost two thirds (65%) of the total value of all donations.

Figure 7. Donors becoming more strategic but less loyal, 1997 and 2000



Again, not all donors behave in the same way. The more money a donor gives, the more likely he or she is to give regularly to the same organizations. More than six in 10 donors (62%) who gave $1,088 or more during the year reported that they gave regularly to the same organizations, as did more than half (57%) of donors who gave between $213 and $1,087. Less than one half of other donors gave regularly to the same organizations: 46% of those who gave between $73 and $212; 35% of those who gave between $24 and $72; and only 24% of those who gave $23 or less.

Implications for fundraisers

Fundraisers who have developed successful fundraising programs know that the key to success is building and maintaining long-lasting relationships with donors. Fundraising isn't just about getting people's money. It's about getting their support.

One veteran fundraiser describes the person who gives to a charity for the first time as "someone in an intense state of cultivation who is not yet a donor." This description helps professional fundraisers put the emphasis where it belongs – on turning \ne-time donors into loyal donors.

Why is this so important?

First, it's far more cost-effective to keep a current donor than to find a new one. Take direct mail as an example. According to industry averages, about one in a hundred people who receives a prospect mailing (a mailing whose purpose is to reach those who have never before given to your organization) will respond with a gift – which makes the cost of prospecting high. But 40% - 50% of those people will give again, if asked properly – a much better return on the cost of a mailing. The response rate on successive mailings to these same donors should improve if, as a fundraiser, you are doing your job correctly.

Second, loyal donors give more on average. The 2000 NSGVP shows that the 41% of donors who gave regularly to the same organizations accounted for 59% of the value of all donations. This compares with the 59% of donors who did not give regularly to the same organizations, (i.e., those who varied the organizations they supported) whose gifts accounted for 41% of all donations. It makes sense that donors who give regularly to the same organization will increase their support over time. The more regularly you communicate with your donors and the more chances you have to tell them what their donations are accomplishing, the more likely they will be to give to you again.

It's also important to keep in mind that most donors (71%) support more than one type of cause. Thirty-one percent of donors gave to two or more types of organizations; 22% supported three types; and 18% supported four or more types of organizations. This means that you do not have donors' undivided attention. It also means that donors have somewhere else to give their money if you don't make their charitable giving a meaningful, fulfilling, and satisfactory experience.

Keys to donor loyalty

How can you maximize your chances of turning a one-time donor into a loyal donor?

Prioritize your resources. You should be spending more of your resources on keeping current donors than on acquiring new ones. A good rule of thumb is to spend about 70% of your time on activities that inform and involve current donors. These are the people who, on average, make larger gifts to you. These are also the people who, as they get to know you better, will be more likely to consider making a significant one-time gift or major gift, or a deferred gift, such as a bequest in their will.

Know who your most loyal donors are. That sounds pretty basic. But do you know how many of your donors are repeat donors? Do you know which donors have supported you loyally for the past three years? The past five? What is their average annual gift to you? How much have they contributed in total to your organization since they started giving? It's important that you know the answers to these questions so that you can understand where to put your emphasis when planning donor renewal or donor upgrading activities. It's also helpful when you want to thank donors sincerely for their support.

Don't treat all donors the same. The donor who has given you $100 a year for the past five years should not be treated the same as the donor who has just given you their first $20 donation. Your more loyal donors deserve a personalized approach, especially when you're asking them for more money. Remember, nearly 47% of current donors who responded to the 2000 NSGVP said they did not give more because they don't like the way in which requests are made. Some professional fundraisers take this as an indication that organizations are not taking the time to understand their donors.

Start to build your knowledge about your donors. Know who they are, their basic profile (age, education level, income level, employment status), what areas of your organization they prefer to support, which appeal they responded to. Some of this information can be gathered immediately (e.g., by using special codes to identify which donors responded to which appeal). Some can be gathered over time. For example, you could survey donors, asking a few key questions this year, and a few more next year. Or you could make a donor welcome package really work for you by telling donors that you want to respond to their needs and then asking them a couple of questions about what attracted them to your organization and what interested them the most.

This will give you good information as you think about their future support to your organization. Do they have the capacity to make a major gift? Are you planning a special fundraising appeal or a specific project that may interest them? Are they at the age when planned giving becomes a good option? Knowing more about who your donors are and what interests them will also help you to personalize your thank-you letters and to understand how best to update them about your activities.

Acknowledge all gifts promptly. First, it's good manners to thank someone when they give you a gift. Second, it pays off. A few years ago, Penelope Burk, author of *Thanks... A Guide to Donor-Centred Fundraising,* ran a two-year test with a charity. Immediately following a direct-mail acquisition campaign, every tenth new donor received a thank-you phone call from one of the charity's board members. Burk tracked this 10% of new donors over the next 18 months. On average, she reported, they gave more often than the other 90%. They gave 39% more and their retention rate was higher. A good, sincere thank-you can go a long way.

Report on what the gift accomplished. Forty percent of people who are already donors said they wouldn't give more to charity because they weren't sure the money was being used effectively. This is a big problem. It can also be an opportunity – effective communications with these donors might lead them to increase their support. When writing her book, Penelope Burk interviewed hundreds of donors about the type of recognition or return they most valued for their gift. The number one thing that donors want, she discovered, was measurable results of their gift at work. Tell donors what their donations have made possible. Keep them up to date on projects to which they have contributed. And don't tell them what you're up to only when you want to ask them for more money.

Understand what communications your donors prefer. To communicate effectively with donors, you have to understand what they want to know and how they want to get that information. If you don't know, ask them. Do they find your newsletter informative? Do they visit your Web site? Would they prefer to hear from you by email? Are there things that they want to know that you're not telling them? If you survey your donors on these questions, be sure you can tell which donors are telling you what. Do your most loyal donors pitch your newsletter in the garbage? Do the donors who give you the biggest gifts have the most questions? Are those donors who prefer Web sites and email younger people who are giving more modestly? If so, listen carefully to them so that they will grow with you.

One health charity respects the wishes of donors who want to receive only one mailing per year. It never risks losing donors because of mailing frequency. If a donor wants his or her name removed from the charity's mailing list, this wish is respected. The charity also tells donors how to get on the Canadian Marketing Association's list of people who don't want to receive direct mail or telemarketing solicitations from other organizations.[12] But, the charity notes, a lot of people are interested in its cause and find out something about it with every mailing.

Use your database to track your performance and identify problem areas. A little analysis can tell you a lot. For example, a comparison of your average first-year gift to your average multi-year gift can give you an indication of the effectiveness of your donor acquisition and donor retention programs. If your multi-year gifts are higher on average than first-year gifts, this indicates that you are doing a good job of involving and informing your donors. You can study year-to-year trends to assess the effectiveness of steps you are taking to improve your program. You can also look at how many gifts a donor made to you in the past year or two years. Those who gave three, four, or more gifts to you are important because they are your most responsive donors. Tracking gift upgrades and downgrades – how many people increased the size of their gifts to you and how many decreased – can, on the one hand, give you an indication of increased giving potential and, on the other hand, throw up a red flag. Are donors decreasing their support because they are unhappy with some aspect of your organization's performance, or is there some other reason?

Example: Cashing in on donor loyalty

A human rights organization used to do a lot of its fundraising through direct mail. It no longer does so. Instead, it has been focusing on recruiting monthly givers – donors who agree to donate a fixed amount to the charity every month, usually through their credit cards.

"We recruit monthly donors through television, through the Web, through a door-to-door canvas, and we're trying to convert some of our existing mail donors to monthly giving," says the organization's director of development. "We find that we get an average of about $18.60 a month from our monthly donors, or about $200 a year, whereas our mail donors give us between $50 and $75 a year." She points out that a charity can acquire a monthly donor for less than the first year's income from that donor and that "from then on in, it's net revenue." By contrast, it often takes longer than a year to recoup the investment on acquiring direct mail donors. "So if you actually crunch the numbers, even though monthly giving requires a bigger outlay upfront, you get more back."

Another organization has experienced a drop in its overall number of donors, but significant growth in the number of its monthly donors. Says the organization's director of development, "In terms of net dollars, one monthly donor is probably worth about three donors who give you a single gift every year."

Example: Paying attention to donor relations

A hospital foundation has had a staff member dedicated to donor relations since 1997. This person:

- Personally telephones every person who gives the hospital $500 or more to say thank you. Each phone call is noted on the foundation's database and in files. The notation could be as simple as "thank-you call made on such-and-such date." Or, depending on how the conversation goes, it could include information such as, "the donor is 78, she has put the hospital in her will, she has been a patient for a certain number of years." The donor-relations manager is careful not to pry or push for information, however. The purpose of the call is to say thank you. Almost universally, these donors say, "No one has ever thanked me like this before."

- Writes thank-you letters from the president of the foundation to donors. The letters refer to the number of years the donor has supported the foundation, how important the donor is to the hospital, and, if the donor gave to a specific area of the hospital, a note or two about that.

- Ensures that everyone who gives $250 or more is listed in the foundation's publication.

- Co-ordinates thank-yous to those who give a one-time gift of $1,000 for the first time. A hospital volunteer calls and makes an appointment with these donors, then visits them with a thank-you gift. The assumption is that someone who gives a gift of $1,000 for the first time has a reason. When the volunteers go out to say thanks, they try to discover that reason, without being invasive. They have a form that they are asked to fill out as soon as they leave the person's house.

Example: Building loyalty through tailored communications

A health-related organization collects information on: the age and sex of its donors, whether these people are at risk of heart disease, whether they've had an incidence of heart disease in their family, whether they've had a stroke, whether they're caregivers, donors' specific information requests, and all the

[12] For more information on this, visit the Canadian Marketing Association's Web site at www.the-cma.org.

ways they may have given to the organization, e.g., at the door, during a charity-run event, etc. It recognizes that this information is key to a targeted and efficient fundraising program.

This information is then used to determine the communications that donors receive. If the organization wants to announce a news-breaking discovery in a specific area, it can identify which donors would probably be most interested in hearing about it. If it has something special to say in the area of caregiving related to stroke, it can pull together a list of all of the people in its donor base who have had a stroke and all the people who are caregivers, and send them a special communiqué. The organization says, “This is very powerful for fundraising.”

Example: Donor cultivation

Smart organizations draw up detailed donor cultivation plans. One organization, for example, has clearly identified the purpose of its donor cultivation:

- To add prospects to the donor base and develop them to become active supporters and regular donors; and

- To improve relationships with current board members, donors, volunteers, and other friends of the organization, and to build a greater understanding of how they can help our organization achieve its mission.

It acknowledges that donor and volunteer recognition are critical to the cultivation process and has put cultivation on the agenda at board meetings to encourage board members to become part of the process.

The organization uses the following cultivation methods:

- Open houses twice a year for donor and volunteer recognition. These give donors and volunteers an opportunity to see the facilities and meet staff, and allow the organization to recruit new volunteers and donors.

- Ongoing communications:

  - Holiday cards, sent to corporations, friends, and major donors from key staff and board. These do not solicit money.

  - Postcards sent to major donors from overseas staff.

  - A newsletter, sent four times a year to provide regular updates on programs, activities, and special events. The newsletter mailing list includes funders, program partners, donors, volunteers, and “hot” prospects and “suspects.”

- Annual report. This is a major communications tool sent to government and private funding sources, large donors, agency executives, and public officials. It is submitted with proposals and requests to large donor prospects.

It’s Your Turn...

Examine your list of donors:

- What percentage of your donors gives you more than one gift a year? What is the average value of their gift?

- What percentage of your donors gives you a gift every year? What is the average value of their gift?

- What percentage gives you a gift once, but never gives to you again? What is the average value of their gift?

Examine your communications with donors:

- How quickly do you acknowledge donors’ gifts and send them a tax receipt?

- Do you communicate with donors between asking them for money to tell them what their donation is accomplishing?

- Do you send the same pieces of information to all of your donors, or do you communicate with donors based on their specific interests and history with your organization?

What could you do to improve communications with your donors?

7 Finding new donors

Keeping current donors – and working with them so that they become solid supporters – is critical. But even the best fundraising program in the world will, over time, lose donors due to circumstances that are beyond the organization's control. People's life circumstances change. Their priorities change. Their interests change. To meet your fundraising targets, you have to replace these people with new donors. To expand your fundraising program, you have to find even more new donors.

When is a donor a donor?

Does someone become a donor to your organization simply by sending that first modest cheque in response to your direct mail fundraising appeal? Is the person who made a first-time pledge over the phone as part of your phone-a-thon now a bona fide donor? Many experienced fundraisers would say, "No." As American fundraising expert Mal Warwick has written, "A token initial gift does not make a person a donor."[13] Fundraising is the art of inspiring and enabling people to fulfill their philanthropic impulses. Your goal as a fundraiser is to build a relationship between your donors and your organization that allows donors, in a tangible way, to support a cause that is important to them and, through that support, to feel a sense of accomplishment and satisfaction. In other words, making that first contact with a potential donor is not an end in itself – it's the beginning of what can, with care, become a long and satisfying relationship.

Using NSGVP data to locate and reach donors

NSGVP data can help you make decisions about how best to allocate the resources you have available to acquire new donors. For example, a fundraising professional at a university who consults the 2000 NSGVP will note that education and research organizations attract only 8% of the total number of donations and only 3% of the total value of all donations. The fundraiser may conclude that it would be a waste of money to launch a broad-based, public direct-marketing campaign. A better strategy might be to target alumni and the families of alumni. On the other hand, a fundraising professional in a health organization that serves a broad cross-section of the public would note that health organizations attracted 41% of the total number of donations and 20% of the total value of all donations. The fundraiser might conclude that an investment in a broad-based public appeal would reap substantial returns.

Table 2. Distribution of the number and amount of donations by type of organization, 2000

Type of organization	Number of donations	Value of donations
Health	41%	20%
Social services	20%	10%
Religious	14%	49%
Education & research	8%	3%
Philanthropy & voluntary promotion	5%	7%
Culture, arts & recreation	5%	3%
Other	3%	3%
International	2%	3%
Environment	2%	2%

Note. Other organizations includes 'housing & development', 'law, advocacy & politics,' and 'organizations not elsewhere classified.'

NSGVP information can also reveal the demographic characteristics of people who make donations to organizations similar to yours (See Appendix A). What is their age breakdown? Gender? Employment status? Education level? Household income? For example, donors to health organizations were likely to be between the ages of 55 and 64, to have university degrees, and to have household incomes of $100,000 or more. Similarly, those who donated to religious organizations were likely to be 65 years and older, to be widowed, not in the labour force, and to be a weekly attender at a place of worship.

You can use NSGVP information about the types of donors who give to causes similar to yours to make decisions about other ways to reach these people. Are there magazines with the same audience that might be responsive to including a printed public service announcement from your organization? Are

[13] Warwick, M. (1995). *The hands-on guide to fundraising strategy & evaluation.* Gaithersburg, MD: Aspen Publishers, Inc.

there companies that target products specifically to those people that you might partner with in a fundraising effort that will benefit both you and the company involved? Are there activities that these people typically enjoy that might suggest events to draw them closer to your organization, raise their awareness of your cause, and, perhaps, even raise a little money?

The 2000 NSGVP showed that a significant number of employed volunteers received support in various forms from their employers: 27% said they were allowed to use the facilities and equipment of the business for their volunteer activities; 26% were able to modify their hours of work to accommodate volunteer activities; 25% could take time off from work to engage in volunteer activities. Employers who are supportive of employee volunteer activities are generally more likely to have established a corporate contributions program. If you can find a way to make a link between your organization's volunteer program and its fundraising program, you could be building bridges for future corporate support. For more information on how to approach companies for support, visit the Imagine Web site at www.imagine.ca.

NSGVP data can also spark creative thinking. For example, as we have seen, religiously active Canadians are more likely to be donors that those who are not religiously active. They are also more likely to make larger donations. Is your cause one that might have appeal to those who regularly attend a place of worship? Can you build links with places of worship in your community? In his report *Religion, Participation and Charitable Giving,* author Kurt Bowen states: "We cannot identify all the complex forces that make for an active or an inactive congregation. We would, however, note the widespread agreement from the most active of congregations that members respond most positively to appeals for their money and effort when the project's objectives are clear, within the reach of the membership, and have benefits that all can see. That is why, for instance, local faith communities have been so successful at sponsoring refugee families. The challenge for all faith communities is to find such projects in the communities in which they are located."[14]

Methods of reaching donors

The main methods used to get a first philanthropic gift from individuals are direct response (direct mail and telephone solicitation), special events, and personal canvas or personal request. There is a wealth of material available on how to undertake these types of activities (see Chapter 9, "Where you can get additional help").

About one in seven donations (15%) were made in response to a mail request in 2000. Older Canadians were more likely to give in this way. Over half (53%) of donors aged 65 and over made at least one donation through the mail, as did more than four in 10 (42%) 55- to 64-year-olds. Getting a first donation through direct mail is often costly, however. A direct mail prospect campaign, that is, a campaign aimed at finding potential new supporters, may break even at best and may even lose money. That can sound pretty discouraging if you look at that campaign in isolation. But the goal of prospecting is to find that one person in a hundred who will display enough interest in your organization to send you a first gift. If you treat that person well, he or she will give again and again. As one veteran direct mail fundraiser put it, "You have to look at the life-time value of donors. If you know, for example, that your donors give an average of 1.3 gifts a year of $35 and that their life expectancy with you is four years, that's more than $200."[15] If you take this longer term view, the money you spent to acquire that donor starts to look like money well spent.

The same number of donations (15%) were made in response to a door-to-door canvass in 2000, down from nearly 20% of all donations in 1997. More than four in 10 donors (41%) over the age of 35 said that they had made a donation in this way. This method of fundraising works

14 Bowen, K. (1999). *Religion, participation and charitable giving.* Toronto: Volunteer Canada and the Canadian Centre for Philanthropy.
15 McClintock, N. (1999). 18 common fundraising mistakes and how to avoid them. In Bailey, K. & McClintock, N. (Eds.). *Give and Take* (pp. 26-28). Toronto: Canadian Centre for Philanthropy.

best for organizations that already have some profile in their community. Some charities swear by such canvasses and use them annually because they give a face to the organization. They also give prospective donors a chance to ask questions and gather more information about the charity and the cause. Because donations made at the door are usually receipted on the spot, this ensures that the charity gathers information about who these donors are and where they live, so that they can be contacted again.

Another 15% of donations were made by people sponsoring someone in a charity event. Nearly half of all donors reported making at least one donation in this way including 40% of young people (15- 24), 51% of people aged 25-64, and 35% of seniors (those aged 65 and over). About one quarter of donors reported making a donation by attending a charity event – this accounted for about 8% of all donations made in 2000.

Events, like direct mail, can be costly both in terms of the money spent to mount them, and the staff and volunteer resources required to make them successful. Certain types of events draw people who may never otherwise give to your organization. Golf tournaments, for example, draw avid duffers. Runs and walk-a-thons attract fitness buffs. If you choose a special event as a way to draw in new donors, be sure to find ways to collect names, addresses, and phone numbers. It won't do you much good in the long run if people purchase a ticket to your event, enjoy it, and then leave without you knowing who they were and how you can contact them again. One method that works is to have a special draw (ask local businesses for donated items) and ask for contact information on the draw ticket. You can then put all of this information into a database and do a special follow-up mailing to those who attended your event. But be sure to adhere to privacy legislation.[16]

Some organizations use the telephone to find first-time donors. Although this can work, many professional direct-response fundraisers believe that the telephone works best to get repeat gifts from people who are already donors to your organization and are familiar with your work. Telephone solicitation is not generally recommended as an acquisition strategy.[17]

Some organizations have been experimenting with "direct dialogue," greeting and speaking to people on street corners and other places where people gather, and asking people to make a donation, or even sign up as monthly donors (donors who agree to give a specific amount every month, usually through their credit card). Other direct face-to-face contact, in which two- or three-person teams meet with prospective donors, may also work well as first-contact activities for small, community-based organizations. (This definitely works well for major gift solicitations with current donors.) Depending on the cause and community profile, a small group run by volunteers may have more success by sitting down and having coffee with a few people to explain their case and their plans than they would by organizing months of breakfasts, bingos, and car washes.

Key resource

The Statistics Canada 2001 Community Profiles database allows you to see a profile, based on 2001 census data, for all Canadian communities (including cities, towns, village, Indian reserves, and Indian settlements). This information is available online at: www12.statcan.ca/english/profil01/PlaceSearchForm1.cfm.

Included in a Community Profile are:

- age characteristics: the percentage of people in various age groups in the community;
- marital status;
- languages spoken;
- mobility status: percentage of people who lived at the same address, in the same province or territory or in a different province of territory a year ago and five years ago;
- immigration characteristics: percentage of people who were Canadian-born, foreign-born, immigrated before 1991, and immigrated between 1991 and 2001;
- visible minority status;
- level of education;
- number of people in the household;
- percentage of people who work full-time; and,
- average annual earnings in the community.

Community profiles can help you get a good understanding of your potential pool of donors, i.e., the people in your community or in the communities in which your organization is active. You

[16] *Privacy 101: A Guide to Privacy Legislation for Fundraising Professionals and Not-For-Profit Organizations* includes sample wording. For example, for a raffle, door prize ballot, sponsor sheet etc., it suggests wording along these lines: "We appreciate your support of the Run Around the World in support of the Making the World Better Foundation. We treat your personal information with respect. We do not rent, sell, or trade our mailing lists. The information you provide will be used to provide tax receipts, to contact prize winners where applicable, and keep you informed of other events and fundraising opportunities in support of MWB. If at any time you wish to be removed from our list, simply contact us by phone at (800)-555-5555 or via email at info@mwb.org."

[17] Penner, R., (1999). How can we use the phone to raise funds without annoying potential donors? *Front & Centre* 6(5). Toronto: Canadian Centre for Philanthropy.

can then compare their characteristics to those of Canadians who are active donors by using the NSGVP data.

Example: Direct mail donors

The FLA Group, a direct mail company, partnered with Mal Warwick and Associates, an American firm, to research Canadians and Americans who make donations in response to direct mail solicitations. The survey was conducted in March 2003. Here's what they discovered about Canadians who had made at least two gifts through the mail in the past three years:

- 70% were over the age of 65 and were no longer in the workforce.
- Two thirds were women.
- Almost one third (30%) had a high school diploma or less.
- More than one third (35%) had household incomes of between $25,000 and $50,000; 17% had incomes of between $50,000 and $75,000; only 14% had household incomes of more than $75,000.
- 59% attended religious services regularly or occasionally.
- 60% had also made at least one gift in response to a telephone solicitation.
- 45% had made at least one gift in response to a door-to-door canvass.
- Almost half (46%) were volunteers. Of those, more than 80% had contributed money to the organizations with which they volunteered.

Source: "Taking the donors' pulse," by Fraser Green, CFRE, Front & Centre, May 2003, Canadian Centre for Philanthropy. Available online at www.ccp.ca.

Example: Effective donor communications

Knowing more about your donors can help guide your ongoing communications with them. For example, one organization has two main methods of reaching out to donors and prospective donors. It has created special donor newsletters tailored to donors who respond to each fundraising method.

Its first fundraising method is thirty-minute and sixty-minute TV programs that showcase its work and ask people to sign up as monthly donors. Most of the people who respond to these TV solicitations are in their thirties and forties. The newsletter they receive is more colourful, to match the television programs that prompted these donors to give in the first place, and more informal, as younger donors tend to be.

The second method is direct mail. Donors who give through the mail are older, on average, than those who give in response to the TV programs. They have also generally supported the organization for a longer period of time, on average. The newsletter they receive is more classic and less colourful. The type size is also larger. The tone is more formal to match the sensibilities of older Canadians.

After you get the first gift

Remember, one gift does not a donor make. Your goal is to encourage people to become donors; that is, to support your organization in an ongoing way. This means you must do two things:

- **Thank all donors for their gift – promptly.** Many charities include a thank-you letter when they send charitable tax receipts to donors. If you have already provided a receipt (in the case of a door-to-door canvas), follow up with a simple thank-you letter. Ask donors if they would like to be put on your mailing list to receive information about your organization. Be sure to do this promptly, while the memory of the gift is still fresh in the donor's mind. Some organizations have guidelines for how swiftly a gift must be acknowledged. A good maximum is two weeks from the time the donor makes the gift to the time they receive their receipt.

- **Keep good records.** The goal of first-contact activities is to find people who are interested in your cause and whom you can approach again. At a bare minimum, record the donor's name (make sure you spell it correctly), full mailing address, phone number, the date and amount of their gift, and the method of solicitation used to secure that gift. This will form the basis for the profiles you will build on these people as they continue to support you over the years. It will also help you understand which donors have the interest and ability to become more involved with you as they get to know you better.[18]

[18] The Canadian Centre for Philanthropy's Ethical Fundraising and Financial Accountability Code includes the following provision on privacy that is adhered to by charities that have adopted the Code: "The privacy of donors will be respected. Any donor records that are maintained by the charity will be kept confidential to the greatest extent possible. Donors have the right to see their own donor record, and to challenge its accuracy." The code is available at: http://www.ccp.ca/ethical_code/Ethical_Code_8x11.pdf.

Example: Planning to build support

One organization that works internationally has a fund development plan that targets a variety of supporters and potential supporters. For each group or target market, the organization has set a fundraising goal, and assigned specific staff and volunteer responsibilities. The plan includes the following elements:

- Personal solicitation of members of the board of directors and honourary board of directors by board chair and fund development chair.

- Individual solicitation of top donors by board members, non-board volunteers, and staff through personal visits, phone calls, and invitations to special events.

- Special events to raise organizational profile, reach new donor groups, and raise funds.

- Direct marketing:
  - to lapsed donors, using telemarketing, to recapture as many lapsed donors as possible at the beginning of the fundraising year, and to ensure maximum exposure to the organization throughout the balance of the year;
  - to annual donors, through mailing. New donors receive a different package than renewing donors. Donors are encouraged to join monthly giving;
  - to major donors, through mailing, but using a more personal approach. Donors are encouraged to adopt a project;
  - for acquisition of new donors, with an expected response rate of one percent;
  - to appeal to volunteers in culturally specific communities, through the mail.

Example: Donor "show and tell"

An organization that promotes inter-generational contact connects high school students with people in seniors' care homes for eight months at a time, the length of the school year. Students visit the home, work and undertake activities with the seniors, and build relationships. At the end of the school year, the organization holds a wrap-up event. The organization invited some donors to its most recent wrap-up. These donors knew about the program, but they had never seen it in action. At the event, both the seniors and the students talked about what the program meant to them and how it enriched their lives. Donors were so moved by seeing the program in action and were so impressed with what they had seen that, in the week that followed, the organization received more than $12,000 in donations.

Example: Personal contact builds support

The Alzheimer Society of Canada has been successful with a people-to-people fundraising activity that is easy to organize. Its annual Coffee Break™ is held in thousands of locations across Canada each September and takes advantage of the fact that, on average, Canadians drink a cup of coffee 2.8 times a day.

Coffee Breaks are held in small business locations, health care facilities, retail outlets, service organizations, community centres, and nursing homes. People make a donation for each cup of coffee they drink and also have the chance to learn more about Alzheimer's disease. The event works well in both rural and urban settings. A Coffee Break is just as likely to be a home party tagged onto a bridge club in rural Saskatchewan as it is posters and collection cans in a corporate head office coffee room in downtown Toronto.

The reason this type of fundraising works, organizers say, is that drinking coffee is already part of people's daily routine. They don't have to be mobilized to step outside of that routine. The organization used the concept of concentric circles to grow the event, encouraging those closest to it to approach those closest to them. For example, all of the local Alzheimer branches and chapters asked board members and suppliers to host a coffee party. In this way, people invest their limited time in the best prospects. The organization has a guide for Coffee Break hosts posted on its Web site.

The event raised over $900,000 in 2002.

Example: welcoming donors

Every new donor to an environmental charity receives a twelve-page Welcome Booklet along with their tax receipt. The booklet lists the organization's programs, outlines what communications donors can expect to receive, tells them how to get more involved, gives Web site information, and outlines upcoming events. Inside the booklet are information request sheets that donors can use to ask for pamphlets on specific topics, copies of the annual report, or information on school programs. There is also a pamphlet outlining how to become a monthly donor, and a survey that donors can fill out to tell the organizations more about themselves. Included is a "We're Listening Guarantee" that allows donors to choose how frequently they want to hear from the organization. Donors can ask to receive all the mail the organization sends out, including the quarterly newsletter and the annual list of endangered species, or only information on Canadian issues, or only international issues. They can also specify that they only want to be contacted once a year when it's time to renew their support. People are extremely receptive to the guarantee, the organization reports. Restricting mailings to those who actually want them also saves money.

8 Making the most of your relationship with donors

The long-term view: Nurturing relationships, building potential

Strong, ongoing relationships with donors focus on the donors' philanthropic goals and objectives, not on the charity's needs. When donors feel good about what their charitable gifts have accomplished, are well-informed about the cause they are supporting, and feel they are making a difference, their support will be more likely to continue. This is good news for charities. As we have seen, loyal donors tend to make larger gifts, which, over time, can really add up.

Maintaining a satisfactory relationship with your donors can also increase your chances of benefiting when the donor is ready, willing, and able to make a substantial donation.

The first step in identifying the potential for larger gifts from your donors is to analyze their giving patterns. Do you have donors who have been giving regularly over a period of years? Consider asking these loyal supporters to increase the size of their donations. One organization, for example, makes an effort to upgrade every donor who gives $50 a year for two years. These donors are asked for $100.

Do you have some donors who have given you larger than average donations over the years? For some organizations, this might be $100 or more. For others, it could be donations of $1,000 or more. These are donors who might be willing to give at a higher level – if they have a good relationship with your organization. One organization makes sure that donors who give more than $1,000 are distinguished from the rest of its 70,000 donors. "We treat them very much like we would our own board members," the organization's executive director says. "We keep them up-to-date on what's happening and actively seek their input because we feel they're as concerned as we are about the issues facing us. We treat these people as a major part of our organization."

Some organizations invite higher-end donors to special functions, such as president's dinners or breakfasts, and provide them with information and news about the organization. Some encourage donors to attend annual meetings and to offer their input, or to visit or take a tour of the charity's facilities so that they can see the impact of their donations at work.

Major gifts

By taking care to involve donors at the higher end, to inform them about the ongoing activities of your organization, and to demonstrate to them that their donations are being wisely spent and are achieving results, you can build a satisfying relationship that may lead to a significant or major one-time gift, either outright or deferred.

One arts organization had a woman on its mailing list for years who routinely responded to the organization's annual appeal with a modest donation. When the organization launched a multi-million dollar campaign to fund renovations, this woman donated more than $25,000 to the cause. Many fundraisers are convinced that every organization has such people in its donor base. The problem is that many of them are not identified and are never asked for a significant gift.

You can use the exercise in "It's Your Turn" at the end of this chapter to start thinking about identifying prospective major gift donors from among your current donors and contacts. Be prepared to think creatively. Major gift prospects aren't necessarily people with well-known names. According to *The Millionaire Next Door: The Surprising Secrets of America's Wealthy,* two thirds of American millionaires are self-employed entrepreneurs – welding contractors, rice farmers, owners of mobile-home parks, pest controllers, coin and stamp dealers, paving contractors – or professionals such as doctors and accountants. Four out of five are first-generation affluent. They live in neighbourhoods where non-millionaires outnumber millionaires by a ratio of three to one. In other words, they don't fit the stereotype of millionaires.[19]

[19] Stanley, T.J. & Danko, W.D. (1998). *The millionaire next door: The surprising secrets of America's wealthy.* New York: Simon & Schuster Trade.

If you analyze your database and think that some of your donors have the potential to give a major gift, what should you do?

- Review your communications with these donors. Have you been keeping them informed about the progress and plans of your organization? Have you accounted well for the money you have spent? Have you taken care to thank them for each gift – without waiting until it's time to ask for money again? Have you made every effort to involve them more closely in the work of your organization? If not, you should probably consider making a few changes before approaching these people for significant gifts.

- Be clear on what you want the money for and how it will be spent. This is always important and should always be communicated clearly to donors. It becomes more important when you are asking for a major donation. Anyone will ask more questions when purchasing a new car than when buying the weekly groceries. Making significant charitable donations is not much different. NSGVP data bear this out – many donors at the higher end have concerns about how the money is being spent and how much of it is going to administration.

- Review your networks. Getting a major gift is about finding the right person to ask the right prospect for the right amount of money at the right time. Networking is a crucial element. By enlisting the help of key volunteers with extensive networks throughout the community, you can not only gather more information on your donors, but also have doors opened and have peers (other donors at the same level as the prospective donor) actually ask for the donation. Some organizations use volunteers to review lists of major gift prospects and give opinions on whether they think the affiliations of certain prospects with the organization are strong, whether they have the capacity to give, and how they should be approached strategically.

- Be prepared to provide information about the tax credits for large donations. As the NSGVP reveals, while few donors are motivated by the tax benefits of giving, donors are the higher end are more likely to claim a tax credit for their gift. Giving them the right information can help them plan better.

Example: Getting to know your major gift donors

An education institution keeps excellent records on its donors – especially those that may have the potential to make large donations. Says the director of development: "Ability to give, linkage, and interest are the three key factors that I focus on as a fundraiser. I try to make that come alive in our database. Every time we have a significant contact with a donor, it is recorded in our database. It's chronological and it's transparent to those who have the clearance in this organization. I know their history with the institution. I know their complete contribution history. I know what their board linkages are. I know their public profile in the city or the province or the country, what corporate boards they're sitting on, what public shares they hold (our research arm takes a look at any proxy statements or board declarations they've made on publicly traded companies). I also have a sense if they have made significant donations to any other charities or nonprofits in this area. We regularly check the obvious ones – the opera, the philharmonic, the zoo."

This information gives the director of development a picture of a donor's philanthropic interests and ability to make a significant gift. His advice: "Get to know your donors. Go in slowly. It's marketing versus sales." In other words, the goal is to build a lasting relationship that satisfies both parties, not to just take the money and run.

Planned or deferred gifts

Some donors who are unable to make an outright major gift may be willing to consider a deferred gift – for example, by leaving a bequest in their will. Deferred or planned giving has really taken off in Canada. The Canadian Association of Gift Planners holds annual meetings and regular luncheon round tables in many communities across the country that encourage fundraisers to discuss the ins and outs of structuring and acquiring deferred gifts.

Generally, deferred gifts or planned gifts are made by older donors – unmarried individuals or married couples over the age of 60 whose children (if they have any) are now adults, whose homes and cottages are paid off, and who are giving thought to the legacy they wish to leave behind. These people are more likely to be involved in estate planning and to be able to commit resources to a charity.

The jargon, tax laws, and often complex financial relationships that are part of planned giving can be intimidating for beginners. Don't worry. It doesn't have to be complicated. About 80% of planned gifts are bequests – provisions in a will to leave a specific sum of money to a specific charity. The Canadian Association of Gift Planners, which has chapters in most cities across Canada, can provide information on how to get started in this field. It also maintains a "Leave a Legacy" Web site (www.leavealegacy.ca) that provides information on the various ways in which donors can make a gift and how charities can get involved in promoting planned giving among their donors.

Many charities have taken some simple first steps. For example, they include messages on planned giving in materials sent regularly to donors. Some run articles in their newsletters that highlight donors who have made bequests and that include sample wording that donors can use in their wills. Others have developed brochures that explain planned giving to donors and offer opportunities to get more information. These can be included in mailings to loyal donors.

Some charities hold seminars on how and why to make a will, often in conjunction with a lawyer or group of lawyers who specialize in this area. This provides useful information to donors and can plant the idea of leaving a bequest to charity. Most charities that do planned giving recruit volunteer lawyers and estate planners to advise them on how to proceed.

Encouraging donors to make a bequest is only the beginning. Donors can choose to change their wills at any time. If they do, you may be out of luck. To avoid disappointment, make sure you spend time and effort cementing the bond with these donors. This sometimes has wonderful, unanticipated results. One director of development did such a good job maintaining a relationship with a donor who had made provisions in her will – even dropping by just to say thank you and to chat with her about what was happening at the organization – that the donor made a substantial outright gift in addition to a deferred gift.

The better you know your donors, the more opportunities both you and the donor will have to explore that person's philanthropic objectives and to explore other types of planned gifts, such as charitable gift annuities, strip bonds, or life insurance policies. For more information, contact the Canadian Association of Gift Planners (see Chapter 9: "Where you can get additional help" at the end of this manual).

A word on stewardship

Stewardship is the process by which an organization seeks to be worthy of continued philanthropic support through activities such as acknowledgment of gifts, donor recognition, the honouring of donor intent, prudent investment of donations, and the effective and efficient use of funds.

This means that, as part of your fundraising program, you should be sure that all gifts are acknowledged, that relationships with current donors are given priority over the quest for new donors, and that you adopt and adhere to policies at the board level that assure donors that you are following sound fundraising and financial accountability practices (the Canadian Centre for Philanthropy's Ethical Fundraising and Financial Accountability Code is a good place to start).

The Hospital for Sick Children Foundation in Toronto has developed a written donor delations and stewardship policy. Its Philosophy of Stewardship and Donor Relations states: "We strive to cultivate existing relationships; attract new donors; ensure that one clearly stated policy of recognition is applied at all times; retain a loyal donor base; demonstrate our donors' positive impact upon the Hospital; provide cost effective, appealing benefits and recognition for donors; supply opportunities for donors to learn about HSC and the achievements made possible by their gifts; and give donors a sense of being connected to a unique and valuable organization."

The policy itself spells out in detail how gifts of various sizes are to be recognized, as well as the staff responsibilities for stewardship activities. Duties of the foundation's stewardship team include preparing and maintaining a roster of hospital staff willing to participate in donor cultivation and/or stewardship activities; tracking endowment program reports and financial statements to ensure appropriate donor contact is made; ensuring that thank-you letters are signed appropriately; and preparing large gift thank-you letters.

Smaller organizations could apply the basic principles in a modified form. For example, board members and other volunteers can often be enlisted to make thank-you phone calls to donors or to write special letters in recognition of large gifts. The key is to stay in touch with your donors, make sure they understand how important their gifts are, and give them more opportunities to get involved in your organization, as donors and as volunteers.

Example: Keeping in touch

An international charity has started talking to its donors more. "Not in the sense that we're doing telemarketing, but in the sense that we're getting on the phone to say thank you, probing their motivations, and then following up, if we are able to, on interests that they express," says the executive director. "It used to be that almost nobody got phoned around here. Now if a gift comes in over a certain dollar amount, it immediately comes to my attention or the director of development's attention and we try to make telephone contact to say, "thanks, we got your gift, this was a wonderful gesture, and by the way can you tell us how you first heard about us?" We try to figure out what it was that prompted them to send something a little better than average in the mail. If someone responds, we do what we can to send them additional information about the country or countries that they've had some experience with, with a view to building a relationship, not necessarily to secure an extra gift right away. We believe that if we pay more attention and show that we've listened to what they want, the reward for us will be increased loyalty."

Example: Thinking ahead with planned giving

For one health-related charity, a major or significant gift is one of $500 or more. Donors who give at this level are recognized in a special way and are cultivated for future giving and potential legacy, or planned, gifts.

Every donor who gives $500 or more is assigned to the organization's planned giving manager. As soon as the charitable tax receipt has been prepared, the donor receives a personal thank-you call from the planned giving manager or other staff or volunteers who have a relationship with the donor. Whenever possible, arrangements are made for the receipt to be hand-delivered. This gives the planned giving manager a chance to understand why the donor made the gift and to start developing an ongoing relationship. A variety of other contacts and recognition initiatives are available and include updates and visits. These people are important to the organization because they have demonstrated a belief in the organization and have a capacity for making a significant gift.

In the long run, says the planned giving manager, those most closely connected to our cause are the prospects for a major or planned gift.

The organization holds bi-annual estate and financial planning seminars throughout the year that typically draw about 30 people to explore a variety of gift planning options. The planned giving manager follows up with those who request additional information or who ask a lot of questions in the seminar. The organization also includes a planned giving message in its regular newsletter to donors. The back of the donation reply form in the newsletter gives people check-off options: I would like to be invited to an estate seminar; I have already made a gift to the XYZ organization; I would like more information. The planned giving manager follows up with people who tick off any of these boxes. "Some people make it known that they are making a life insurance gift or are making a bequest in their will," the planned giving manager says. "When we have seminars, I encourage donors to let the charity know if they have decided to make a gift so that the charity can acknowledge them while they're alive." This doesn't always happen.

Most importantly, staff and volunteers are involved in the process – the planned giving manager cannot do this alone. The organization relies on feedback and participation of others and ensures opportunities for donors to become involved in other aspects of the organization, such as gatherings with programs staff or researchers – or a simple call from the executive director or board chair.

It's Your Turn...

What is your potential for major gifts fundraising? Trainer and consultant Ken Wyman's book, *Face-to-Face: How to Get Bigger Donations from Very Generous People,* suggests that you examine your current donor base to find your prospects.[20] Look for:

- Past performance: The top 20-30% of donors who have made one or more unusually large donations to your organization; whose total amount donated over the years is unusually big; who have given much more frequently than other donors; and whose total number of donations over the year is unusually high, even if the total amount is not. These are loyal donors who have demonstrated an affinity for your cause.
- People with titles and degrees: these professionals can probably afford to make larger than average donations.
- People with upper-income addresses: people who live in affluent neighbourhoods can probably make larger donations.
- Supporters who are known to be affluent: check your donor base for familiar names of business leaders, authors, athletes, and politicians.

[20] Wyman, K. (1993). Face-to-Face: How to get bigger donations from very generous people. Ottawa: Department of Canadian Heritage.

9 Where you can get additional help

Other NSGVP information

www.givingandvolunteering.ca – contains a growing number of fact sheets, reports, and management resources created with analyses of the National Survey of Giving, Volunteering and Participating. It also includes a glossary of terms, FAQs (frequently asked questions), and allows users to submit questions – and receive prompt answers – about the survey data.

Information on fundraising

The **Canadian Centre for Philanthropy (CCP)** maintains a family of Web sites, accessible at www.ccp.ca, that includes: the Ethical Fundraising and Financial Accountability Code; *Privacy 101: A Guide to Privacy Legislation for Fundraising Professionals and Not-For-Profit Organizations;* an online *Canadian Directory to Foundations and Grants*, information on corporate giving and the Imagine program; research on donors and fundraising; an archive of articles on nonprofit and fundraising topics; and an online library.

Association of Fundraising Professionals (AFP) – www.nsfre.org – is a membership organization for fundraisers in North America. Its Web site contains a wealth of information related to fundraising, as well as a Donor Bill of Rights and an ethical code for fundraisers.

Association for Healthcare Philanthropy (AHP) – *www.ahp.org* – is a membership organization for fundraisers in hospital and healthcare organizations in North America. AHP Canada also has a Web site – www.ahpcanada.com.

Association of Professional Researchers for Advancement (APRA) – www.apracanada.ca – is a membership organization for those who do fundraising-related research. Includes a Statement of Ethics for researchers.

Canada Revenue Agency (CRA) – www.ccra-adrc.gc.ca/ – provides information on the federal government's regulations for charities and nonprofit organizations.

The **Canadian Association of Gift Planners** (CAGP) – www.cagp-acpdp.org – is a membership organization that fosters the development and growth of gift planning. CAGP has an annual conference and regional round table meetings across Canada. It also maintains the "Leave a Legacy" Web site – www.leavealegacy.ca.

The C**anadian Council for the Advancement of Education** (CCAE) – www.stmarys.ca/partners/ccae/ccae.htm – is a membership organization for fundraisers in postsecondary education institutions in Canada.

The **Canadian Marketing Association** (CMA) – www.the-cma.org – has a fundraising council that addresses issues related to direct marketing in charitable organizations. It also maintains a database for individuals who want their names deleted from direct marketing lists.

Charity Village – www.charityvillage.ca – contains a wealth of information on fundraising and nonprofit management, including a research section, links to books on fundraising and book publishers, and links to other organizations and sites.

Council for Advancement and Support of Education (CASE) – www.case.org – is a membership organization for postsecondary professionals at all levels who work in alumni relations, communications, and development in North America.

The **Association of Fundraising Professionals Nova Scotia** (AFPNS) – www.afpns.ca – dedicated to the professional development of fundraising executives who are responsible for conducting activities with integrity, and are committed to upholding AFP's Code of Ethics.

The **Department of Canadian Heritage's Community Partnerships** – www.pch.gc.ca/progs/pc-cp/cvi_e.cfm – has a number of publications that can be downloaded. These include:

- *Fundraising Ideas That Work for Grassroots Groups*
- *Face-to-Face: How to Get Bigger Donations from Very Generous People*
- *Guide to Special Events Fundraising*

Academic institutions that offer courses on fundraising

- **Henson College, Dalhousie University** – www.dal.ca/~henson/n_profit.html
- **Grant MacEwan Community College** – www.gmcc.ab.ca
- **McMaster University** – www.mcmaster.ca/conted
- **George Brown College** – www.gbrownc.on.ca
- **Humber College** – www.humber.ca

APPENDIX A Profile of donors by sector

Distribution of Canadian donors aged 15 and older by type of organization and demographic characteristics, 2000	Health	Social Services	Religion	Education & Research	Philanthropic	Culture, Arts & Recreation	Environment	International
Age								
15 - 24	52%	42%	34%	18%	12%	14%	5%	6%
25 - 34	66%	46%	34%	25%	19%	15%	7%	7%
35 - 44	71%	50%	38%	28%	24%	19%	6%	5%
45 - 54	73%	50%	39%	25%	24%	20%	8%	7%
55 - 64	75%	51%	46%	25%	18%	16%	7%*	7%*
65 +	74%	49%	58%	20%	7%	14%	5%	7%
Sex								
Male	67%	49%	39%	23%	19%	19%	5%	6%
Female	71%	47%	43%	25%	18%	15%	8%	7%
Marital Status								
Married / Common law	73%	49%	43%	26%	19%	18%	7%	7%
Single	55%	44%	33%	21%	17%	14%	7%	6%
Widowed	76%	49%	59%	17%	7%*	15%*	6%*	6%*
Separated or divorced	69%	50%	37%	24%	22%	17%	5%*	5%*
Education								
Less than high school	64%	42%	43%	18%	9%	13%	4%	3%*
High school diploma	69%	47%	35%	22%	15%	16%	7%	6%
Some post-secondary	70%	51%	36%	25%	18%	19%	8%*	7%*
Post-secondary diploma	71%	49%	42%	26%	19%	18%	5%	7%
University degree	72%	53%	45%	29%	31%	20%	10%	10%
Labour Force Status								
Employed full-time	70%	48%	36%	26%	25%	18%	6%	6%
Employed part-time	67%	49%	39%	24%	18%	19%	9%	9%
Unemployed	54%	47%	33%	22%*	--	16%*	--	--
Not in the labour force	69%	47%	51%	21%	8%	13%	6%	6%
Household Income								
Less than $20,000	61%	42%	44%	16%	6%*	12%	6%*	4%*
$20,000 to $39,999	65%	47%	42%	21%	11%	13%	4%	5%
$40,000 to $69,999	67%	48%	39%	24%	19%	16%	7%	7%
$70,000 to $99,999	74%	49%	40%	26%	23%	19%	7%	7%
$100,000 or more	76%	52%	41%	29%	30%	24%	9%	9%
Religious Affiliation								
Affiliated	69%	49%	51%	24%	19%	17%	5%	7%
Non-affiliated	68%	47%	10%	24%	18%	18%	10%	5%
Religious Attendance								
Weekly attender	66%	48%	81%	24%	14%	16%	5%	10%
Not a weekly attender†	70%	49%	30%	24%	20%	17%	7%	5%

*Sample size limitations affect the reliability of this estimate.
-- Amount too small to be expressed.

† The percentages of people who report not being a weekly attender include those who are 'non-affiliated.'

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