

Data Strategy Forum



Unlocking the Mystery of Donor Retention



Barbara O'Reilly, CFRE
Founder and Principal
Windmill Consulting LLC



Sponsored by:

A graphic featuring the year '2020' in large white numbers. A pair of black-rimmed glasses is superimposed over the numbers. The lenses contain text: the left lens has 'Direct Mail', 'Data Privacy', and 'Integrated'; the right lens has 'Digital', 'Social Media', and 'CCPA'. Below the '2020' is the text 'Fundraising: A United Vision' in white and yellow.

2020
Fundraising:
A United Vision

Wednesday, October 14 | 10:05 - 10:45 AM EDT

Nice to Meet You

- 25 year career as a fundraiser, earning my stripes at big shops like Harvard, American Red Cross, National Trust for Historic Preservation
- CFRE, AFP Master Trainer, Board member, AFP Washington Area Metro Chapter, Advisory Panel, Rogare, The Fundraising Think Tank
- Tailored 1:1 consulting on startups, major gifts, campaigns, assessments/studies, CEO/CDO coaching, and board training.



What We'll Learn Today...



What matters to donors and how that affects their giving



Ways to measure retention & why it's Important



3 keys to increasing donor retention before and after 12/31



1 What Matters Most to Donors

“We make a living by what we get, but we make a life by what we give.”

–Winston Churchill

 BOREillyWHC

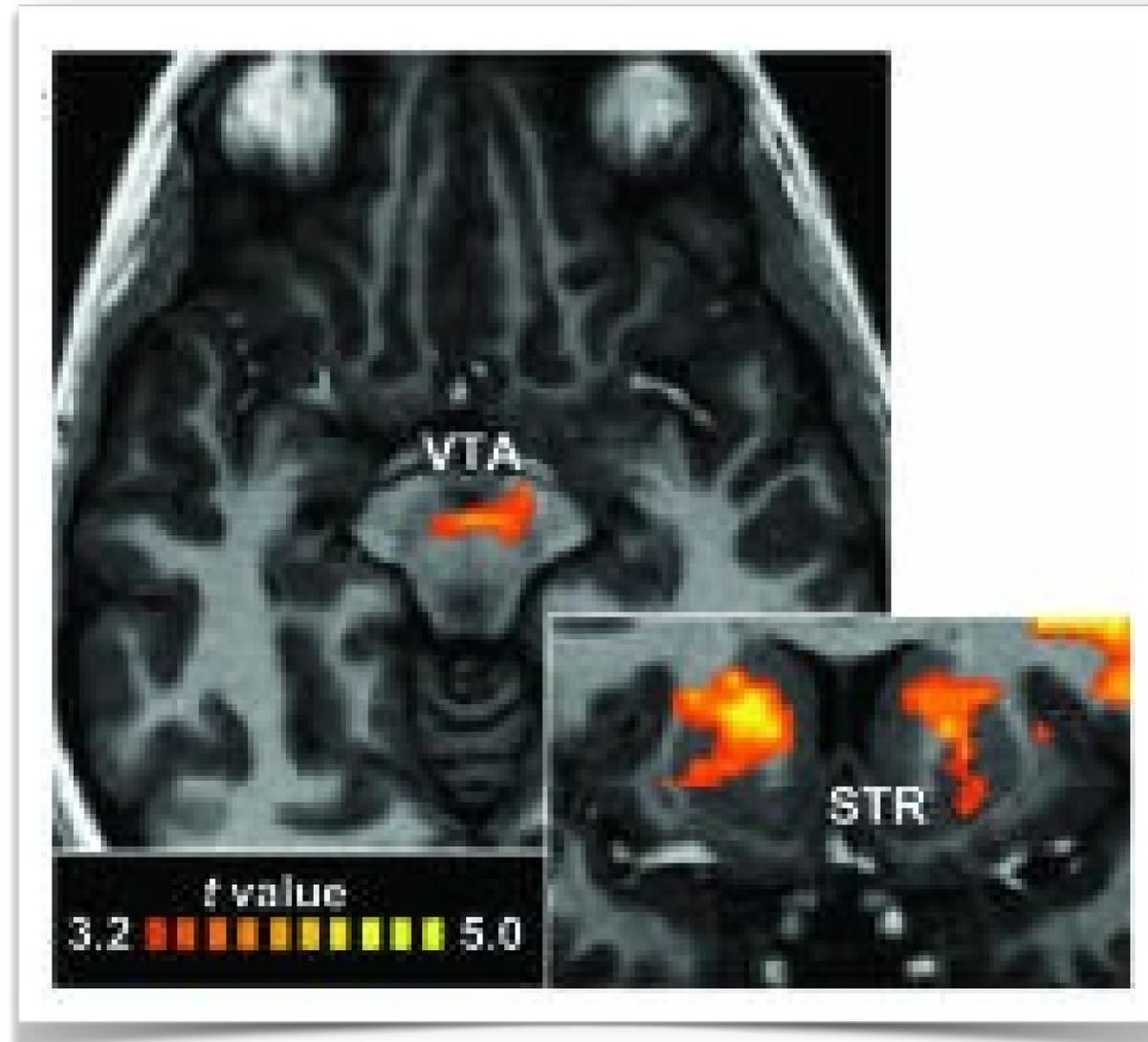
Why Do Donors Give?



0% 15% 30% 45% 60%

Source: 2016 U.S. Trust® Study of High Net Worth Philanthropy

The Science Behind Giving



Charitable giving is rewarding (*like receiving money*)

But uniquely involves oxytocin-rich social attachment brain regions (*used in maternal and romantic love*)

Philanthropy is a “social act” using the mechanisms of FAMILY bonding—we create a “synthetic family” with other donors.

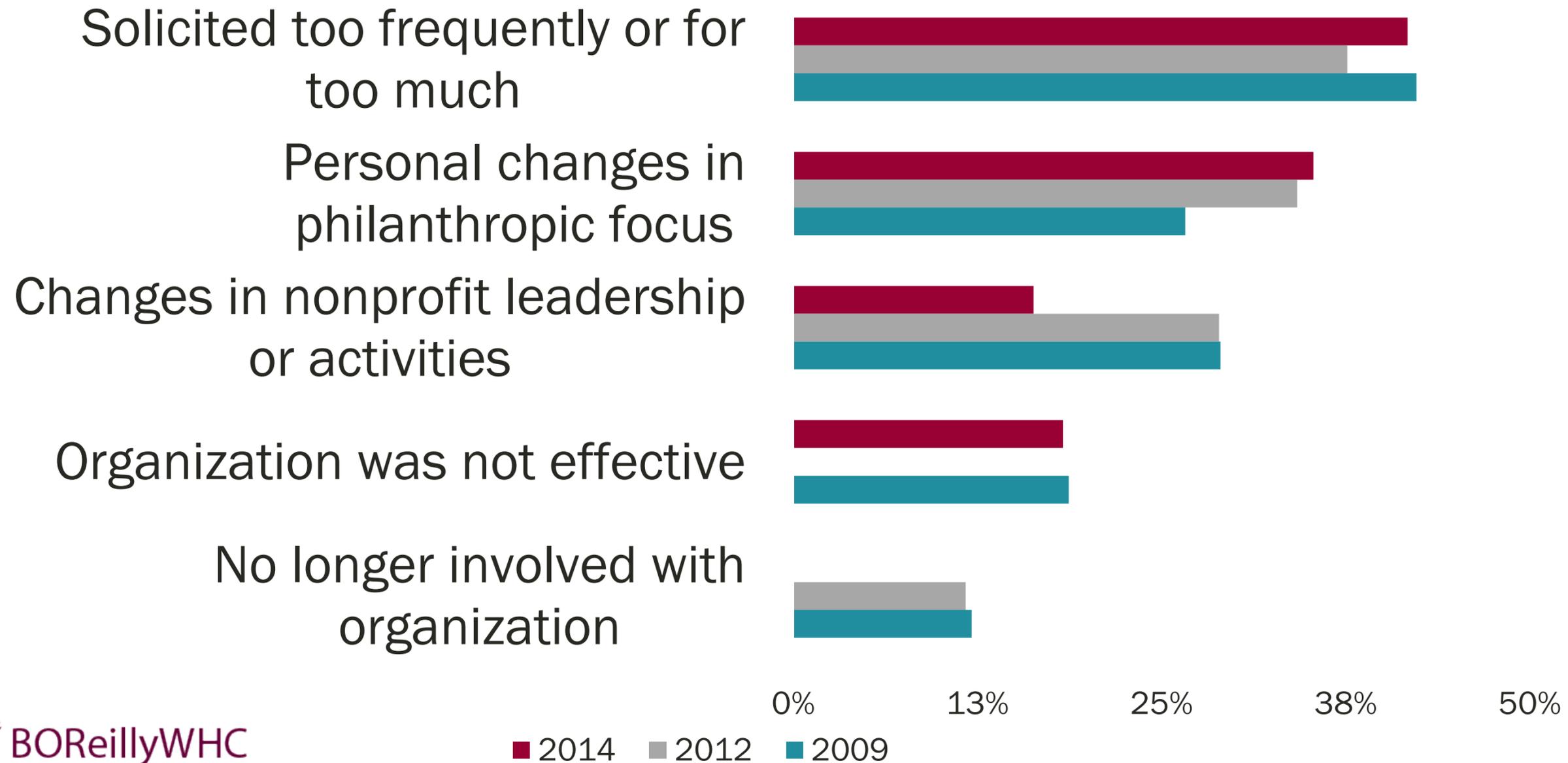
Source: Dr. Russell James, “Planned Giving and the Mind”

The Link Between Charity, Happiness, & Health



- People who made a philanthropic gift were 43% more likely to say they were “very happy” compared to those who did not make a gift.
- Similarly, volunteers were 42% more likely to say they felt “very happy.” While non-volunteers stated they were “not happy at all.”
- Donors were 25% more likely to say their health was “excellent” or “very good” while non-donors were twice as likely to say their health was “poor or fair.”

Why Do Donors Stop Giving?



Source: 2014 Bank of America Study of High Net Worth Philanthropy

2

Ways to Measure Retention

“Remember, you don't live in a world all your own.”

–Albert Schweitzer

“Retention is the single most important thing for growth.”

— Alex Schulz, VP Growth, Facebook.com

“Improving Donor Retention by Just 10% Can Double the Lifetime Value of your Donor Database!”

— Adrian Sargeant



Original Retention Rate: 41% | **Improved Retention Rate: 51%**

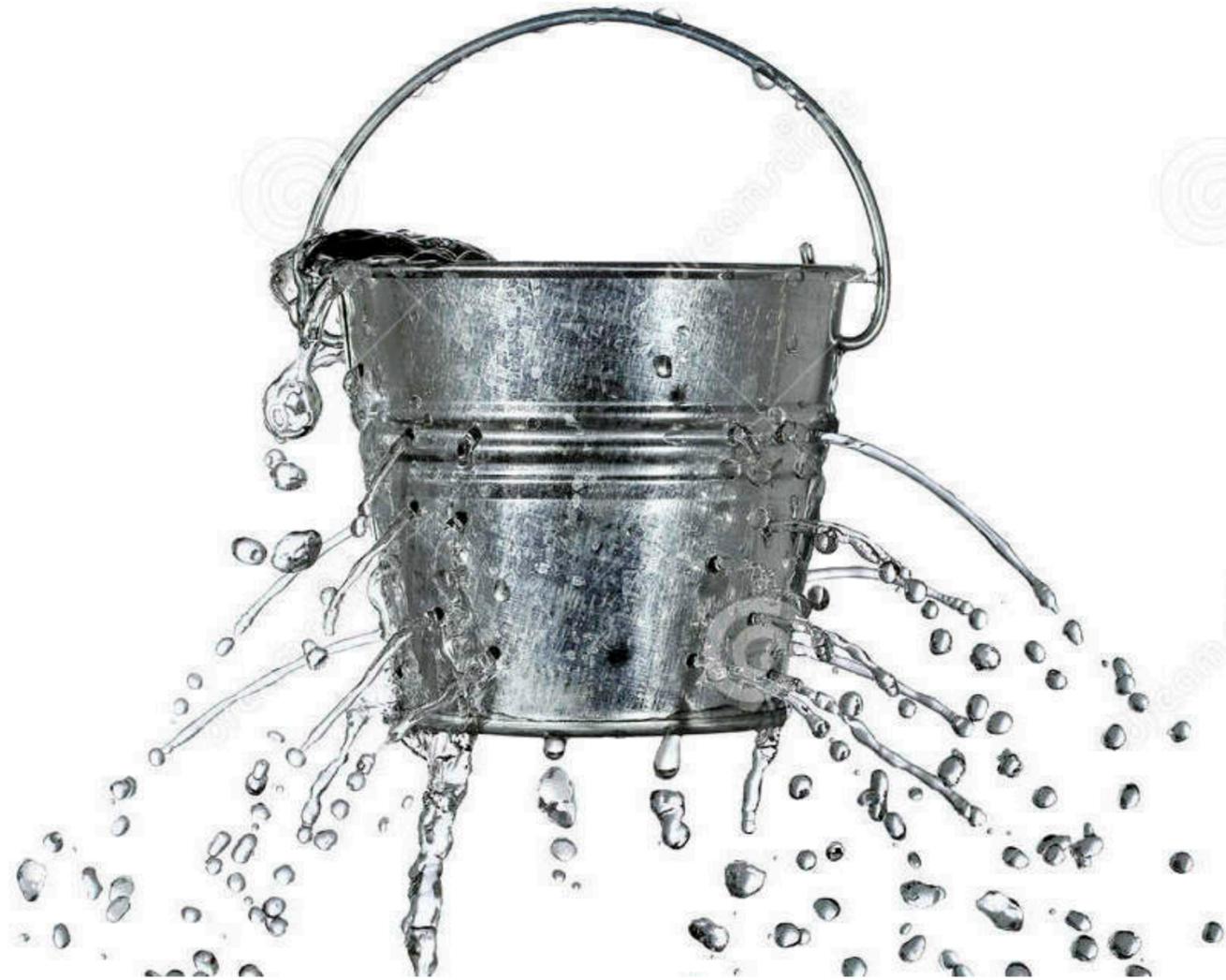
Year	Donors	Avg. Gift*	Total	Year	Donors	Avg. Gift*	Total
Start	5,000	\$ 200.00		Start	5,000	\$ 200.00	
2	2,050	\$ 220.00	\$ 451,000	2	2,550	\$ 220.00	\$ 561,000
3	841	\$ 242.00	\$ 203,401	3	1,301	\$ 242.00	\$ 314,721
4	345	\$ 266.20	\$ 91,734	4	663	\$ 266.20	\$ 176,558
5	141	\$ 292.82	\$ 41,372	5	338	\$ 292.82	\$ 99,049
6	58	\$ 322.10	\$ 18,659	6	173	\$ 322.10	\$ 55,567
7	24	\$ 354.31	\$ 8,415	7	88	\$ 354.31	\$ 31,173
8	10	\$ 389.74	\$ 3,795	8	45	\$ 389.74	\$ 17,488
9	4	\$ 428.72	\$ 1,712	9	23	\$ 428.72	\$ 9,811
10	2	\$ 471.59	\$ 772	10	12	\$ 471.59	\$ 5,504
11	—	—	—	11	6	\$ 518.75	\$ 3,088
12	—	—	—	12	3	\$ 570.62	\$ 1,732
13	—	—	—	13	2	\$ 627.69	\$ 972
14	—	—	—	14	1	\$ 690.45	\$ 545

Grand Total from Original Donors: **\$ 820,859**

Grand Total from Original Donors: **\$ 1,277,208**

Total Savings: \$ 456,349





45%

And it's getting worse...

AVERAGE

45%



FIRST-TIME

23%



REPEAT

60%



MONTHLY

90%

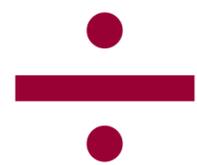


Source://bloomerang.co/blog/the-state-of-donor-retention-in-one-image/

How Many Donors Are You Keeping?

400 in
2016

donors who
made donation
current year



1,000 in
2015

of same
donors who
gave last
year



40%% ↑

Donor
Retention

60%% ↓

Donor
Attrition

How Many Are Making a Second Gift?

$$\begin{array}{r} \div \\ \# \text{ First-time Donors} \\ \text{Giving 2nd Gift} \\ \hline \# \text{ First-time Donors} \\ \hline = \\ \text{First-time Donor} \\ \text{Retention Rate (\%)} \end{array} \quad \begin{array}{r} 10 \\ \div \\ 40 \\ \hline = 25\% \end{array}$$

How Much Revenue Are You Losing?

$$LTV = \sum_{X=1}^n \frac{ARPU_x - Costs_x}{(1 + WACC)^x} - SAC$$

\$900

Average
Annual
Donation

÷

.60

Attrition
Rate

=

\$1,500

Average
LTV of a Donor

3

Key Tactics to Improve Retention

“Donors don’t give to institutions. They invest in ideas and people in whom they believe.”

–GT Smith

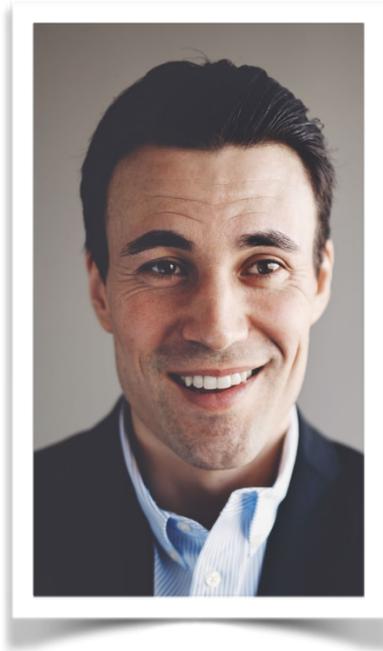
 BOREillyWHC



What does this trust exercise teach us?
Never take your donors' support for granted."

Source: *Chronicle of Philanthropy*, May 1, 2008

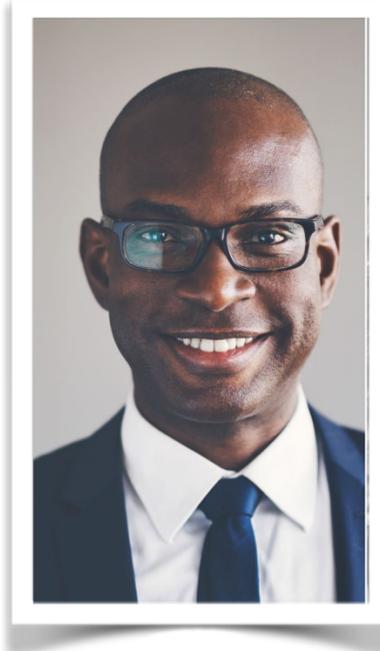
Prioritize Your Donor Groups



1.

Current Donors

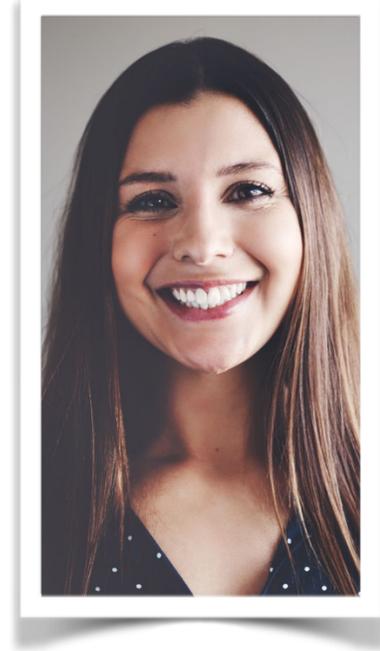
- Largest over their lifetime as donors
- Longest donors
- Lower-level donors who have deeper capacity



2.

New Donors

- Largest New donors
- Potential capacity
- Passion for organization



3.

Lapsed Donors

- Length of giving
- Cumulative Giving to you
- Screened capacity

One-on-One Visits with a Board member and/or ED or CEO

Thank you calls from staff/Board/ED or CEO

Inclusion of staff visits with prospects and donors

Site Visits

Engage and Inspire

Quarterly in-person or teleconference updates with CEO or ED

Continued invitations to established events with strong follow-up

Opportunities to ask for advice (market study, focus groups, surveys)

Small cultivation events

Plan Meaningful Donor Communications



Prompt, meaningful
gift acknowledgment



Designation of gift to a
program, service or project
more narrow in scope than
the charity's overall
mandate



Measurable results on
the last gift before being
asked for another one

Boards Influence Donor Retention

93%

- They would “definitely or probably give again the next time they were asked”

84%

- They would “make a larger gift.”

74%

- They would “continue giving indefinitely”



Source: *Donor-Centered Fundraising*, Penelope Burk



UNLOCKING THE SECRET TO DONOR RETENTION

Did you know that on average, nonprofits lose more than 60% of their donors each and every year? This donor churn creates unnecessary work and is not cost effective for nonprofits, especially those with limited capacity. In particular, we know that your next major donors are probably right under your nose and you don't know it. Here are some tools to help you reverse this trend.



KEY RESOURCES

Books and calculators that can be your guide that you can use to track your donor retention and engagement stats.

[LEARN MORE](#)

Let's Stay Connected



Want to chat further?

Email me boreilly@whillconsulting.com

Interested in more resources?

www.whillconsulting.com/newsletter

Follow me:

 @B0ReillyWHC

 [linkedin.com/in/boreillywhc](https://www.linkedin.com/in/boreillywhc)