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REVISED AND UPDATED

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REVOLUTION IN THE MAILBOX

**YOUR GUIDE TO SUCCESSFUL
DIRECT MAIL FUNDRAISING**

Excerpted from *Revolution in the Mailbox* by Mal Warwick Jossey Bass,
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REVOLUTION IN THE MAILBOX

BY MAL WARWICK

Chapter 13

Thank-Yous, Welcome Packages, and Cultivation Mailings

Every single donor focus group I've ever witnessed has made it unmistakably clear that a typical donor:

- Expects to be thanked for her gifts
- Is peeved when she's not thanked swiftly
- Wants to know what her gifts have helped to accomplish and
- Is often incensed when she receives a new solicitation before being thanked for her last gift.

Extensive longitudinal research in major direct mail fundraising programs proves that, over time, the modest cost of gift acknowledgements is repaid many times over in increased donor loyalty and generosity. That's right: donors who are promptly thanked for their gifts and kept well informed about the organization's work give more gifts, more often, and they keep giving longer.

Canadian fundraiser Penelope Burk's careful studies of donor attitudes confirm these findings. If you want an earful about the fundamental importance of speedy and appropriate donor acknowledgements, read her two books on the subject: *Thanks! A Guide to Donor-Centered Fundraising* (self-published, 2000), which deals with her research in Canada, and *Donor Centered Fundraising: How to Hold Onto Your Donors and Raise Much More Money* (self-published, 2003), which covers the United States.

The problem this research addresses is the most fundamental in direct response fundraising today in North America. In the United States, for example, the typical direct mail fundraising program succeeds in renewing no more than one in three (roughly 25 to 35 percent) first-time donors! Is that any wonder—when that same “typical” direct mail fundraising program is likely to get thank-yous into its donors hands no sooner than about six weeks following the receipt of a gift?

An effective direct mail fundraising program begins—and ends—with a prompt and heartfelt thank-you.

The Do's and Don'ts of Thank-You Letters

At first glance, you might easily conclude that sending donor acknowledgements is a simple matter. After all, what's involved but sending a postcard or a letter acknowledging a donor's gift, and getting it into the mail in short order?

In practice, however—especially in a direct mail fundraising program that attracts thousands of gifts per year—sending thank-yous can be a challenging task. Any one of a number of complications might arise, such as the following:

- Gifts might be processed sporadically (for example, by a volunteer who works just one day a week).
- Gifts could be handled by an off-site vendor that may not be capable of sending thank-yous, or not inclined to send them as you'd like.
- Budget pressures might require using bulk rate postage, thus slowing down the process to enable acknowledgements to be sent in bundles of 200 letters or more at a time.
- Gifts from a large number of different appeals might be received simultaneously.

However, the biggest complication of all is typically the reluctance of the CEO, CFO, or board of directors to spend the money necessary to deliver the sort of thank-yous donors crave. Your first challenge, then, may be to make a powerful case for the *cost-effectiveness* of a well-run donor acknowledgement program. Once you've sold the program, you can turn your attention to technical matters.

Start your planning (or your evaluation of the existing donor acknowledgement procedures) with the understanding that the ideal thank-you includes the following features:

- It's mailed within 24 hours of receipt of the gift.
- It's personalized. (In fact, the truly ideal acknowledgement is handwritten—or at least contains a handwritten postscript.)
- It's written with warmth, in a personal style.
- It cites the amount of the gift and the date it was received.
- It refers to the specific issue or project that prompted the gift.
- It does *not* ask for another gift.
- It promises information (to come later) about how the gift was used.
- It bears the signature of the chief executive.
- It's hand-signed (though not necessarily by the CEO).

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- It's mailed in a closed-face envelope without a teaser.
- It includes a receipt for income-tax reporting.
- There's a first-class commemorative stamp affixed to it.
- It invites the donor to write or call with any questions or concerns and includes the signer's phone number and email address.

Admittedly, it's not always possible for a nonprofit organization to follow all thirteen of these guidelines in its thank-you program. For budgetary or other reasons, it may be necessary to set priorities and settle for far less than the ideal combination. If so, consider the four most important features of an effective donor acknowledgement system:

Promptness. Twenty-four-hour turnaround is better than 48. Forty-eight hours is better than 72 or 96. A week or ten days pushes the limit. Three weeks is far too long for a donor to wait to be thanked. And don't even *think* about sending thank-yous that take longer to get into the mail!

Warmth. Show your appreciation. Acknowledge the donor's thoughtfulness, generosity, and concern. Don't send your donors a letter that could have been written by a committee of lawyers at the Internal Revenue Service!

Personalization. Cite the amount and the date of the gift. Be specific, and be personal.

Accountability. Explain what the gift will be used for, what feedback the donor can expect, and when.

To meet these criteria, you will likely have to adopt a system that integrates caging (recording gifts), cashiering (depositing the money), and donor acknowledgement in one smooth, continuous process. The need for speed will probably rule out a separate caging and cashiering operation. (However, it may be possible for the cage to email information about newly received gifts on a daily basis to whomever prepares the gift acknowledgements.)

It's most desirable to use first-class postage on thank-you letters, not only because that ensures faster delivery but also because it allows for the mail to be forwarded (in the event that a donor has just moved or has used a check that contains her old address). There's another reason why first-class postage makes sense: many donors are favorably impressed that you thought their gifts important enough to warrant a first-class stamp.

In many fundraising programs, the treatment accorded a donor depends on the size of his gifts. I have few qualms about omitting gifts of, say, less than \$10 from a thank-you program, because I understand how powerful budget-cutting pressures may be. However, keep in mind that \$10 donors can just as often leave substantial bequests as \$100 donors! So, to the extent that it's possible to avoid these cost-cutting (and perhaps time-saving) measures, I recommend doing so.

Another cost-cutting measure that's sometimes employed in the name of efficiency is to use postcards instead of letters as donor acknowledgements. I regard this practice as a last resort, acceptable only if doing so is the only thing that will make possible a speedy response to a gift. The disadvantages of this technique should be obvious: postcards aren't personal, they make it impossible to cite the specific date and amount of a gift, they rarely reflect warmth, and they're not even private. Many donors are reluctant to allow the letter carrier or other postal personnel to know who they're giving money to—and I, for one, don't blame them. However, to even this rule, the occasional hand-signed postcard is the exception that can always be found.

If you want to express appreciation to a new donor, a thank-you letter is a natural and necessary technique. But, as many fundraising practitioners have discovered in recent years, a simple thank-you sometimes isn't enough. The so-called "welcome package" has developed as a supplement to (and occasionally a substitute for) a thank-you letter.

Creating a Welcome Package

You've just sent a \$35 check, your first gift, to the Center for Human Progress. It seemed like a good idea at the time: the Center's membership invitation was credible and compelling, giving you the impression that its work was breaking new ground in human relations. You'd never heard before about the Center for Human Progress, but that was, in a way, an advantage rather than a disadvantage. It comes across as an innovative new venture addressing long-neglected needs, and \$35 seems like a modest enough vote of confidence in the Center's mission.

Good enough. But now what? What will it take to persuade you to send the Center a second gift?

If the Center treats you the way so many other nonprofit organizations have treated you over the years, the chances you'll send that second gift are slim: no thank-you (or one that comes so late it's worse than none at all).

But let's assume that the Center for Human Progress is starting out on the right foot and has mailed a heartfelt thank-you within a couple of days of receiving your membership contribution. The letter addresses you personally, cites the amount and the

date of your gift, acknowledges your willingness to support its innovative mission, and promises that Center staff will keep in touch with you in the future. The upshot is that you know little or nothing more than you knew when you read the Center's acquisition letter—but you feel good about giving that \$35.

But the next \$35 will be tougher to coax from you.

Typically, your next contact with the Center for Human Progress is likely to be a special appeal. In this solicitation, the Center's staff requests your support—another \$35, \$50, \$75, or more—for one of its top-priority projects. However, it just so happens that you have zero interest in that particular project—in fact, you began losing interest when you noticed it mentioned in the membership invitation. You don't regard that project as innovative, or even desirable, at all.

Under the circumstances, what are the chances you'll contribute again to the Center? Nil? Or, if the Center's lucky, perhaps a little better?

What if, instead of an immediate appeal for additional funds, you received a package containing the following items?

- A second letter of appreciation and welcome as a member of the Center for Human Progress, including information about the Center's Web site and an invitation to subscribe to its free electronic newsletter;
- A brochure describing the Center's programs, listing its key accomplishments, and explaining how to obtain additional, up-to-date information;
- A copy of the Center's most recent annual report;
- A brief questionnaire about your priorities as a donor and about how frequently you wish to be solicited;
- A brochure that describes the Center's legacy society, its monthly giving program, explaining the ease and convenience of giving via credit card or pre-authorized checking, and its \$1,000-a-year giving society and the benefits it affords members;
- A copy of the Donor Bill of Rights, and
- A Business Reply Envelope, to return the completed questionnaire and send any questions or comments you may wish to send.

A welcome package like this—and the contents described here—are just one of innumerable lists of possibilities—could well make the difference between persuading you to send that second gift . . . or writing off the Center for Human Progress as a lost cause. And this may well be the case *even if you also receive that annoying appeal for funds for a program you don't respect.*

Packages like these don't come cheap. It may cost you two or three dollars—or even more—to send such a package. But consider this: if your Acquisition Cost is, say, \$10 per donor, you would increase that cost by no more than 30 or 40 percent. And my experience suggests that your renewal rate would jump by a far larger percentage.

Your own welcome package will necessarily take into account your organization's unique circumstances. Ideally, it should reflect the views of your donors themselves, as revealed in focus groups or other market research efforts. The resulting package might be much slimmer than the package I've described above—or much fatter. But the chances are that if you do a good job giving your donors at the outset the sort of information they want about your organization, and setting the context for their giving, they'll be far more favorably disposed to you as the months and years go on.

It would be a mistake, though, to conclude that the job of cultivating your donors ends with a welcome package. In fact, the process of relationship-building has barely begun at that point.

Building Relationships Through the Mail

Elsewhere in *Revolution in the Mailbox*, I discuss the four stages of a donor's life. To put a slightly different spin on that matter—let's restate those four stages in terms of the Four Phases of Fundraising, or the Four I's:

Identify. This is the acquisition stage. You identify prospective donors from among countless "suspects," and, once you approach them, a certain number raise their hands to express interest in your cause or institution. In other words, they identify themselves. Naturally, what you do in response to this expression of interest is critical. If you fail to show appreciation for a donor's first gift, and promptly so, he's very likely to lose interest.

Involve. If the average direct mail donor in North America supports 14 organizations per year, as my researches have shown, is it reasonable to assume that she will *continue* to support all 14 nonprofits year after year? No—because other research findings make it clear that donors frequently switch loyalties. (The deplorable statistics on donor attrition alone are enough to prove that point!) To lessen attrition and increase the chances that a donor will stick with you for years to come, you need to *involve* her in your organization—and that process begins with a well-crafted welcome package. Involvement might consist of volunteer work, if your organization offers volunteer opportunities; it might include some sort of activist participation—in a grassroots lobbying campaign, for example; it could entail visits to your office or field projects, briefings, tours, informal gatherings with staff, telephone conference calls to update

donors on your work; dedicated members-or donors-only pages on your Web site—or anything else your imagination devises. An involved donor is immeasurably less likely to become a lapsed donor.

Inform. In simpler days, before the advent of electronic communications, the average person wasn't subjected to a seemingly endless stream of so-called information (most of it's undigested data, really) on a daily basis. (Imagine, there was even a time in human history when a single individual could hope to read every single book printed in the world during his lifetime!) Nowadays, an educated person can be pressured to read tens of thousands of words a day, including email messages, electronic newsletters, Web site postings, letters, memos, magazines, newspapers, and whatever else might impinge on his world—not to mention books. Is it any wonder, then, that the fundraiser's basic tool to keep donors informed—the quarterly or bi-monthly newsletter—doesn't work as well as it used to? Please understand: I'm not suggesting that you eliminate your newsletter. In fact, testing conducted by my clients suggests that a strong donor newsletter can substantially lift renewal rates and average gifts. What I am suggesting is that a simple newsletter may not be enough. To ensure that your donors are kept fully up to date, you may need to be more creative, using some of the involvement techniques I cited immediately above and not relying solely on your newsletter and the information in your special appeals. For example, a free electronic newsletter and an informative Web site are essential for most nonprofit organizations today. But you may have to go to even greater lengths to ensure that your donors are well informed, using one or more varieties of cultivation mailings.

Invest. The ultimate gift for any nonprofit organization is a legacy gift. Such a gift represents an investment by a donor in the future of your organization. At the same time, in a well-managed nonprofit, it also represents the return on an investment in cultivating and informing the donor—and in inspiring her to leave a legacy.

Through all four phases of the donor development process, direct mail is an indispensable tool. The mail is most frequently used to recruit new donors; it's an excellent way to promote involvement opportunities; it's essential as a way to deliver printed information about an organization's work; and it's equally useful (in combination with efforts through other channels) to promote legacy giving. Thus, regardless of the stage of a donor's relationship with your organization, and regardless of the level of his giving, direct mail will serve you well in helping you develop a mutually satisfying relationship.

Donor-Centered Fundraising

The craft of direct mail fundraising grew out of what used to be called “direct mail marketing,” best known to the general public as junk mail. Junk—because, all too often, it advertises goods or services the recipient has absolutely no interest in.

Junk—because, more often than not, it’s cheaply and obviously mass-produced.
Junk—because, in its blatant commercialism and gaudy use of color and graphics, it’s frequently tasteless.

Most direct mail fundraisers (like direct marketers in general) bridle at the mention of junk mail. The truth is, however, many direct mail fundraising appeals still richly deserve to be described as junk mail. The names and addresses of the intended recipients are often misspelled or long out of date. The criteria used to select prospects are frequently fanciful, at best. The messages are poorly crafted. The appeals reek of commercialism, dominated by cheap and frequently inappropriate premiums. Any resemblance between direct mail appeals like these and the pursuit of philanthropy is strictly coincidental.

That’s why I believe it’s important to distinguish between the *marketer’s* approach to direct mail fundraising and the *fundraiser’s*. The marketer tends to think in terms of positioning . . . of broadcasting messages . . . of the organization’s needs . . . of statistics . . . of market share and market penetration. The fundraiser, by contrast, focuses on building relationships with donors.

In reality, of course, my colleagues and I blend both approaches. The discipline of marketing has produced an accumulation of shrewd observations and insights about human behavior, and it offers useful guidance in analyzing results. We would be fools to reject all that. Direct mail is, after all, a form of marketing that has proven itself so useful because (a) it enables us to communicate with lots of people at the same time, and (b) many of its results are measurable. What is distinctive about the approach that we (and some other direct mail fundraisers) pursue is that we seek to put the donor at the center of our universe.

This perspective requires what Ken Burnett, the celebrated author of *Relationship Fundraising* and its sequels, calls the “90-degree shift.” He is fond of drawing an analogy between fundraising and marketing, citing the difference between the brand manager’s challenge and that of the customer relationship manager. The brand manager at the W. K. Kellogg Company—the cornflakes people—must sell as many boxes of Frosted Flakes as he possibly can to meet his monthly or quarterly target. By contrast, the customer relationship manager’s goal is to increase Kellogg’s share of the 11,000 boxes of dry cereal you may buy in your lifetime. The difference reflects a 90-degree shift in perspective—and that represents the difference between what I refer to as the marketer’s and the fundraiser’s approaches.

In my view, the concept of Relationship Fundraising popularized by Ken Burnett is based on five assumptions:

- Most donors are generous and caring people. They want to help, and the fundraiser’s job is to inspire them to avail themselves of opportunities to do so.

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- Most donors are also intelligent. They usually know when they're being taken advantage of, and they don't like it.
- Most donors expect to be treated courteously and are offended when they're not.
- Donors are as varied in their interests and habits as people in general. Some of them demand opportunities to express their individual preferences and to be treated as the individuals they are. All of them appreciate such treatment.
- We are missing a huge number of opportunities if we don't operate a donor-centered approach; particularly if we persist in sending people what we want them to have rather than what they want to receive (which is not at all the same thing!).

Burnett's individual perspectives aside, these five points form the basis of my thinking about fundraising. They help explain why I insist on placing such emphasis on thank-you letters and welcome packages . . . why I employ personalization as often as possible in appeals to current donors . . . and why I feel it's critical to build appeals around the benefits to the donor rather than the needs of the organization.

If you accept these five premises, then you'll think about your development program in a holistic fashion, taking into account all the communications from your organization to your donors—not just those appeals your own department produces. The bi-monthly newsletter counts, too. So do the quarterly magazine, the annual report, the legacy marketing materials from the planned giving department, the invitations to special events, and whatever else might be included in the communications stream your donors may receive in the course of a year. If you want to put the donor at the center of your universe, you'll analyze this stream of messages, research which items donors want to receive and which ones they don't, and revise the fundraising and communication program accordingly.

But it's not enough to break down the vertical barriers separating your department from all the other offices that independently communicate with your donors. You'll also need to eliminate the horizontal barriers that, in so many nonprofit organizations, rigidly separate donors by giving level. Such divisions are well-intended. For example, by segregating upper-level donors in a "major gifts office," extra-special donors are guaranteed extra-special treatment. However, all too often, this treatment means that these donors are excluded from the benefit of the messages you have crafted so carefully to inspire them to give. I have seen countless cases in which major donors—defined as those whose individual gifts reach the \$1,000, \$5,000, or \$10,000 level—are removed from the direct mail or membership rolls and stop receiving most of the printed materials that succeeded so brilliantly in inspiring them to *become* major donors. If you truly subscribe to the concept of donor-centered fundraising, you'll never make such a mistake.

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