

“Stewardship: What Do You Say After ‘We Love You?’”

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I was asked to address the topic of stewardship, and have entitled today’s presentation, “what do you say after ‘we love you?’” How many ways can we tell our donors how much we appreciate their investments in our mission and programs? How do we keep them close to us and willing to send a larger check each year? How do we convince them that their involvement is really important to our organization and that it is making a difference in our ability to serve the community or our cause? How do we tell them that we are actually using the money they gave us for the purposes we said we would? How do we get through to them that their money and caring really does have an impact? How can we get them so excited about our work that they not only invest more in us, but bring their friends and colleagues along as donors? At a time when donors continuously complain that their mail boxes (and email in-boxes) are full of junk mail, how do we get beyond that noise to get the attention of our longstanding and new donors?

How do you do all of this as fundraising professionals when many Executive Directors or Presidents spend less and less time with our donors, and certainly not in the role of stewarding them. Further, having attended hundreds of nonprofit board meetings over the last 30 years, I have never sat through a discussion by a board of directors on the subject of stewardship of donors. Ever. It is hard enough to get boards to talk about – and actually do something about – raising money, and although they are the ideal folks to be engaged in stewarding donors, I’d be amazed if anyone here has a board that is actively engaged in stewardship of your donors.

That is what you try to do every day, and I think it is increasingly hard to do this effectively. Why? Because it is tougher and tougher to get people’s attention. People don’t read direct mail. People don’t spend time looking at our websites to really understand what we do. People hate being called on the phone by telemarketers. Lots of folks attend charity events and have no idea what the charity actually does, because they came because a friend asked them to. They sit in a big ballroom with hundreds of people around them, and many of them didn’t pay for the lunch or dinner and have no investment in the cause. All they seem to care about is the quality of the gift bags and whether their parking is going to be validated.

What is stewardship? Stewardship is supposed to be about taking good care of someone else’s resources, possessions and gifts. Stewardship in a fundraising context is supposed to be about making sure that the promises you make to a donor about how you will spend their money will be met. Stewardship is about taking care of the donor’s investment so that if you say your organization feeds the homeless, you actually spend the money on feeding the homeless. It means that if a donor gives you \$500 towards a new building on your college campus, the money actually goes to that project. Stewardship also assumes that you will do all of this wisely, carefully, frugally, and on-time.

Stewardship is about how we look after our current donors, show them that we care about them, and find ways to express that appreciation that are consistent with the values of our organization. It is the art of keeping a donor engaged so that they send a check at least once a year, and so that the size of their checks grows each year. Ultimately it is about moving them from being donors to being investors in our organizations. Stewardship is the art of making people feel they have a vested interest in the outcome of your work. Stewardship is the art of convincing donors that their gift is really important, and needed, and will be used wisely. Stewardship is the art of getting our best donors to be our best advocates in the community, bringing us good public relations, and hopefully, bringing their friends, family and colleagues into becoming donors as well. Stewardship is getting folks to feel that they are owners of the organization

– but without them taking over the organization or feeling that their money entitles them to an overly large voice or influence.

Why is stewardship so important? Let's get to the basics by making the case through purely mathematical reasons. Most Americans give to charities annually. And, they give most of their money to the very same charities every year. They don't take on very many new organizations. The overwhelming majority of individual giving is to their religious community, their college, memberships in organizations, United Way, and a couple diseases that they are pretty loyal to each year. In short, there is very little "discretionary money" in most people's annual giving.

The issue is not if they are going to give, the question is how much are they going to give? The decision is how they slice up their charitable giving. Therefore, there is way too much emphasis – based on pure math – on acquiring new donors because the reality is that people stick with pretty much the same list each year. That only changes if and when somebody personally asks them to give to a new cause and they make a good case. Or, they might add a new charity because of a natural disaster, or a story they read in the paper, or a family member becomes afflicted with a new disease.

So, the key issue is not if they will give, the issue is how much they will give you. Stewardship is all about how much people will give to you. If you don't steward your donors at all, they might drop you completely, particularly if it is a first time gift. If you do a good job at stewardship, they may in fact increase the amount they give you. That is the goal: retention and growth.

Back to the math basics. You have a pool of donors already. They know something about you, and made a gift for some reason. Let's assume you focus on stewarding your current donors and do a good job. You have every reason to expect they will give again. That is the nature of donors. If you do a superb job of stewarding your current donors, they will in fact give you more money than they did last year, or at least the same amount. The math makes the budgetary case for why stewardship is so important. Yes, we all want new donors. Absolutely. But we tend to focus on new rather than existing donors – a huge mistake. You ought to be spending 80-90% of your time with your current donors, and 10-20% of your time on new donors.

Rule #1 – thank people the way you would like to be thanked. What turns you off, or on, about how you are treated when you make a charitable donation? I find that most organizations do a lousy job on the most basic task of saying thanks.

Learn how to say thank you, and mean it – most of our thank you letters to donors are uninspired pieces that do little more than satisfy IRS regs – this is your most important communiqué, needs to be immediate (within 48 hours) and the check needs to be cashed within 72 hours (older donors particularly get angry if you don't, and it implies you don't need their money). Don't infuriate your donors by enclosing another contribution form in your thank you letter – it is truly insulting. I don't care what the direct mail people tell you. They are wrong.

Be appreciative but not so gushy that the donor freaks out. A \$25 check does not merit overly exaggerated language. A \$5000 check does. Remember, if you gush over \$25, what are you going to say for \$500, and still sound sincere?

Big gifts merit hand written notes, not typed – from the CEO and from you. That is stewardship. No one sends hand written notes – I have not received one in the last ten years, but some of the very best fundraisers I know write hand written notes all the time. And, people notice them. Distinguish among your donors based on size of gift, length of years they have been giving, and their capacity to give. You can not do good stewardship on every donor. So, focus focus focus your time. And, keep in mind the types of donors you have. Some are the type that like to give quietly or anonymously and don't want public recognition. That is great, but remember, just because they don't want the whole world to know doesn't mean that they don't want to be thanked and communicated with. The other end of the spectrum are our favorites – the high maintenance donors who expect you to do a news release when they bring refreshments to the Board meeting, or donate a beat up computer printer that doesn't work.

Ninety-five percent of organizations that I give to don't target me any differently than other donors, and that is a huge mistake. Example: my alma mater. I was student body president of my university, and I worked there for two years. I get the same junk mail and telemarketing calls as former students who took night classes off campus. Not good stewardship. The result? I don't give my alma mater very much money, even though I do give every year. They are a good example, for me, of my earlier point that it isn't that I don't give, but the lack of stewardship means that I give a small amount.

Don't forget your board leaders – my experience is that staff “assume” that board leaders should or must give and that board folks don't get the thanks they merit – and they ought to be our largest and most growing donors. I have been thanked the least by the organizations whose boards I have led or served on. They are your best planned giving prospects. If they have a good experience as a board member, and you do a good job on stewardship, they ought to be giving a lot annually, according to their ability. But, I fear that we staff folks just “expect” them to give.

Be careful about splashing big financial news. What is the message to your \$50 or \$200 donors when you send a press release announcing a grant of \$50,000? Yes, you want to share good news, and people like to support success, but you need to be careful that they don't come to the conclusion that their money isn't needed. For example, a client just received a \$10 million gift, their largest one-time gift ever. Yes, we wanted to tell the world about it, but we were very careful with our current donors to tell them it was an endowment gift for a new program, and made it clear that their annual gift was just as important as ever, and that we needed them. We needed to keep making our case for support.

Tell your direct mail experts that they are not experts when they keep coming back with multiple and nuisance mailings. Example: one local Miami charity sent me 4 direct mail pieces within 4 months after I sent a very small check. My conclusion: they are wasting my gift on hiring direct mail folks, and I won't give again. Another international charity sent me a calendar, a newsletter and two direct mail pieces within 90 days of my gift. My conclusion – they aren't using charitable dollars on programs.

Communicate occasionally with your current donors without asking for money. Tell them something you are doing that demonstrates that you are working hard and spending their money wisely. If you have a new program, or research finding, send a special announcement to your donors. And, occasionally assure your donors that your organization is fiscally healthy, but needs their financial help! If you have a bad year financially, tell your donors why in terms they understand. For example, “our insurance rates went up 65%, or the computer system crashed and we had to buy a new system.” Be reassuring about your finances, but make it clear why you need their help.

Keep it short, keep it upbeat. Example: one of the health charities I give to every year sent me a terrific two page release about a breakthrough in that disease, and thanked me for my gift. No ask, just good stewardship - made me feel my gift made a difference.

Almost everything I've mentioned pertains to individuals. As for your corporate and foundation donors, the principles I've mentioned remain the same with a few exceptions. Because most corporations give money for marketing and public relations purposes, you can't do enough to spread the good word about your corporate donors. Splash their name everywhere, give them lots of exposure on your website and in your newsletters. Invite their senior staff to your facility, go to their facility. Give them an appropriate plaque for their lobby. Love on them unceasingly but don't spend too much money on doing it. They want exposure, exposure, exposure and more exposure.

Foundations are different. Most foundations are not obsessed with getting good publicity, but there are exceptions. Foundations are less concerned with p.r. than in hearing about outcomes and results. You simply have to bite the bullet and work really hard at communicating to your foundation donors about results and outcomes. Six months into your grant, beg for a face to face meeting at your facility, or their office, and tell them you simply want to present them with a 15 minute update on what is happening in your organization, and how their grant is going. I have had great success with this over the years, and I was often told how appreciated those updates were, and that very few organizations actually take them time to simply update foundation execs on what is happening in your organization. They are as much interested in the overall status of your organization as they are your specific grant. An example. A client

recently received a million dollar cash gift for our endowment from the family foundation of one of their members. We interviewed him for our newsletter and asked him what his philosophy was for philanthropy. He said, and we used his quote, "I believe in Responsible Philanthropy, which we define as measuring prospective donees' effectiveness against their mission; efficiency in using grant dollars; and accountability in reporting grant results. We believe too many donors do not measure prospective donees nor hold them accountable." I think that is a classic and appropriate mindset of today's foundations.

If your organization has "stuff" it can send from clients or staff, send it. For example, one of my former clients is the Miami YMCA. They send their top donors a picture drawn by YMCA camp kids during summer camp. Great stewardship. Another great example: Broward Partnership for the Homeless sends adorable photos of their child clients to top donors as a thank you. They also give away food products made in their kitchen.

Don't give away stuff that is expensive or overly slick. Folks will think you are wasting their money and they didn't give you money to buy them stuff like fancy calendars.

Call your top donors on the phone within 48 hours of receiving their check, just to say "thank you." Force your CEO to call the high rollers. Don't ask for money. Make it a 30 second thank you call. I was totally shocked, and delighted, when the CEO of a small nonprofit called me just to say thanks. I haven't forgotten that, and won't.

One aspect of stewardship is donor recognition through programs like gift societies, wall plaques, donor walls, etc. but I am not going to discuss that today as I presume you occasionally have seminars on donor recognition.

Stewardship is also about learning about your key donors (other than the stuff you found out about them on Google.) What do you know about your donors? The role of stewardship is to find out WHY they are donors to your organization. Do you know what is motivating them? Too many fundraisers do all the talking, and no listening, when they visit a donor. Let your donors do the talking, come right out and ask them, "why do you give to us? What do you know about us?" I have never been asked those questions by a development professional. Ever. People love to talk about themselves. Let them.

Stewardship is about letting your donors know why you exist, so that in turn, they can tell their friends and colleagues and become advocates for your organization. Tell them what you are trying to accomplish - that should be the focus of your communication with them. And, show them how money makes that happen. Talk about results/outcomes/ changes/ number of clients served/successes you had this year/capacities increased.

Lastly, if a problem arises, tell your top donors before it hits the newspaper, especially your foundation and corporate donors. It is hard, but it is a must. They won't forget.

Let me end where we began. Stewardship is important for a thousand reasons, but the most important is that if you focus on stewardship, today's donors will be next year's donors, and if you do a good job of stewardship, they will give more money, and they will introduce their friends and colleagues to your organization. The math is simple.

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