
Common Mistakes in Building Relationships with Donors and How to Avoid Them

By STEPHANIE ROTH

The single biggest mistake people make in fundraising is not asking for money. As Millard Fuller, founder of Habitat for Humanity, says, “I have tried raising money by asking for it and by not asking for it, and I always got more by asking for it.”

This article is about the next biggest mistake people make in fundraising: failure to understand that the process of building a base of loyal donors involves much more than asking for money. Because fundraising is all about building relationships, completing a successful ask is only the beginning. Let’s look at five examples.

FIVE EXAMPLES

Did You Say Thank You?

An environmental organization has been successfully building a donor base through direct mail. Two years ago, they instituted an upgrade process with some of their most loyal donors. Those who had given by direct mail for three or more years were identified and board members contacted them by phone or visited them in person and asked them to increase their gift.

About half of the donors approached with a phone call or visit doubled their gifts. In addition, there was a much higher than average renewal rate from the donors who were approached with a personal letter.

This campaign failed, however, on the back end. Some people never received a thank-you note, and those that did received form letters, badly photocopied, stating, “Thank you for your recent gift of \$ ____ . As required by the IRS, this letter verifies that you did not receive any goods or services for your gift, and therefore it is fully tax-deductible.” The amount of the gift was written in, but no other personal note was added, and there was no acknowledgment of the relationship this donor had with the organization. Nothing

indicated how much the gift was appreciated by the organization, or what it would mean for the organization’s work.

The following year, the methods this group used to appeal to major donors were inconsistent — some were personal but many were not. Not surprisingly, the group found that many of the folks who had increased their gifts in the previous year did not renew at all.

WHAT SHOULD HAVE HAPPENED

Here a group organized itself to ask its current donors for bigger gifts, but then failed to respond adequately to the gifts it received. Any contribution that is made as a result of a personal approach, such as a phone call from someone the donor knows, a face-to-face meeting, or an ask at a house party where the donors are known to the host, needs to be acknowledged in writing soon after the gift comes in and in a personal way.

The acknowledgment could be done with a form letter if a handwritten note is added at the bottom of the letter; or it could be a handwritten letter from the person who conducted the solicitation. It could be a phone call from the person who made the ask in addition to a form thank-you letter from the office.

The acknowledgment process needs to be part of the whole concept of a major donor campaign. The message you want to communicate to the donor is not only that you appreciate their support, but that your relationship with them continues after they say yes and send in their money. Not only is this a far more respectful way to treat your donors, but they will be more likely to renew their gift in the years to come.

Hot and Cold

A community theater has worked carefully with its board of directors to increase board members’ involvement in personal solicitations. As a measure of its success,

three-quarters of the board members participate in the group's annual major donor campaign. Three years ago, one of the board members did all the right things in approaching an acquaintance for a major gift. She wrote a personal letter asking for a meeting, called to set up the meeting, and then made the request in person. She asked for \$250; the donor agreed to give \$200.

That was the first and last time this donor was ever approached personally for a gift. The board member who had gotten the gift left the board shortly after this solicitation was made. No one else in the organization knew this donor, and because a gift of \$200 was not considered a major gift by others in the organization, they simply added the donor to the mailing list and sent her regular mailings. She now receives newsletters, invitations to buy tickets to their plays, and an annual fundraising appeal. She has only given one other gift to the organization, \$100 in response to an end-of-year appeal.

WHAT SHOULD HAVE HAPPENED

When this board member left the organization, she should have been asked by the board chair or chair of the fundraising committee if she would be willing to continue asking the donors she knew for renewals once a year. Alternatively, she could have been invited to sit down with the executive director, development director, or another board member to review the list of people she had solicited over the time she had served. Those donors could have then been assigned to someone else who could call and begin to develop their own relationship.

If your major donor list gets so large that you don't have enough board members, staff members, or volunteers to keep up with personal contacts, consider holding a small reception once a year where major donors have an opportunity to meet in an intimate setting with board members and the executive and development directors. Don't begin a major donor program without the infrastructure in place to continue it.

I Don't Know You, But...

Joe, a staff member of a legal rights organization, also belongs to a pro-choice group, where he has met a donor who has been giving the group \$1,000 annually for several years. Joe recommends to his executive director that this donor might be a prospect for their legal rights organization too. With this information, the executive director (who does not know the pro-choice donor) writes her a letter introducing the legal rights organization, then calls her to ask for a meeting to discuss a \$1,000 donation. The prospect gives \$100, and turns down the request for a meeting.

WHAT SHOULD HAVE HAPPENED

It never ceases to amaze me that, when it comes to questions of fundraising and money, any common sense a person might have in almost any other situation goes out the window. What makes us think we can approach someone we do not know (even on the recommendation of someone who does know them) and who has never given to our organization and ask them for a very large gift as their first-time gift? There might be situations where a new prospect could be asked for \$1,000 the very first time. But too often, a decision about how much to ask is not based on any prior history or knowledge of how best to approach the prospect. Just because someone gives \$1,000 to Organization A does not mean they are a prospect at that level for Organization B. Their gift amount to Organization A is not enough information on which to base a decision about how much Organization B should ask them for.

As you do prospect research, think about not just how much the person can give, but where they are in relation to your group. Even very wealthy people rarely start by giving \$1,000. A starting gift for a person who can give \$1,000 is usually closer to \$100, and that is what this prospect should have been asked for.

I Give You My Word

The Children's Rights Network in a midsized city has developed a strong individual donor base over the past 12 years. They have grown from having fewer than 100 donors in 1988 to a donor list of 930, from raising approximately \$6,000 in 1988 to a goal of \$125,000 in 2000. They have upgraded many donors over the years through a combination of personal contact, handwritten and personalized thank-you notes, and annual requests for renewal gifts or upgrades.

Despite all this success, they are frustrated with one aspect — collecting the money promised by several of their major donors. One donor, for example, has pledged \$1,000 each year for the past three years, but only paid \$500 of the pledge the first year and \$750 each of the second and third years. Every year, a board member who is a colleague of the donor asks again for \$1,000, hoping that, one year, the donor will finally pay the amount promised.

WHAT SHOULD HAVE HAPPENED

When a donor pledges \$1,000 to be paid out over the course of the year, instead of leaving the payment schedule up to chance, the organization should ask the donor to be more specific about when he would be able to make the payments — will there be two payments, one every six months, quarterly payments, or monthly? Does he want reminders? By phone, mail, or e-mail? If the donor agrees

to a payment plan and still does not send in the money as promised, contact them by the method they prefer and ask if there is a problem and any way you can be of help. If they still do not send in the money, or send in less than promised, the following year you can ask them to renew at the level they actually contributed — not what they said they would do — the previous year.

Some donors do not keep track of their giving and need to be reminded, sometimes more than once. Others would like to be more generous than they can afford to be, so they agree to a pledge that they won't be able to fulfill. There will always be a percentage of donors (usually less than 5%) who can't bring themselves to say no, but because their answer really is no, they will commit to something they won't, in fact, ever do.

Love 'Em and Leave 'Em

A board member left after serving his term of three years. Although during that time he had donated \$500 a year to the organization, once he left he was never approached personally for a gift. He remained on the mailing list and continued to receive direct mail appeals and newsletters, but no one bothered to call him and ask him to renew his gift personally. As a result, he did not give at all and, after two years, was dropped from the mailing list altogether.

WHAT SHOULD HAVE HAPPENED

Former board members and volunteers who have given their most precious resource — their time — and often significant gifts of their money, need to be treated like major donors and dealt with personally. This man should have been called by the chair of the board or someone from the fundraising committee and asked to renew his gift. He should have been invited to a reception or board get-together and shown that his contribution was appreciated.

FACELESS FONTS OF FUNDS

All of these scenarios point to symptoms of a common problem: treating donors as nameless, faceless numbers that add up to a line item on your budget or a projected outcome in your fundraising plan. These stories also reveal an inconsistent approach to developing relationships with donors, where one day a prospect is approached with the utmost care and respect and then, after making a gift, never hears from anyone in the organization again in a personal way. Shortchanging this constituency of your organization translates into losses on three levels — personal contact, public relations, and advocacy.

- **Personal Contact:** Donors may begin to feel less connected to your organization, losing a sense of how they fit into the work you do beyond providing financial support. Even if providing financial support is all they expect to do, going from being more personal to less personal in your approaches to them over time will leave them wondering how much you need their gifts.
- **Public Relations:** In addition to financial support, donors serve a public relations purpose for your work. They talk to their friends, family, and colleagues about you. They may join advocacy efforts you engage in. If they feel excited about what you do and connected to it in some way, they can play an important role in spreading the word about your work. They may even bring in new donors. Conversely, if they bad-mouth you because they don't feel they've been treated respectfully, they may discourage other donors or potential donors to your organization.
- **Advocacy:** As much as members, clients, consumers, board members, or volunteers, donors are a part of an organization's constituency. By keeping them completely separate from the rest of your work, you lose a group of people who could possibly be mobilized to take action on an issue requiring evidence of community concern and involvement. This is where the connection between fundraising and program activities is most commonly lost.

Organizations certainly face many challenges in their fundraising efforts, including lack of adequate resources and experienced fundraising staff, along with the frequent reluctance of board members to participate in fundraising. However, many problems, including those described in the scenarios above, have fairly simple and straightforward remedies. What may seem like insignificant details or time-consuming steps that you can't afford often make the difference between a thriving and growing fundraising program and one that stays at the same level year after year, or even declines.

Your donors are people who have the potential to give far more than money. They can give their time as volunteers or board members, they can encourage others to become donors, and they give credibility to your work as part of a growing group of people who support you. However, like any other relationship, they require some attention, some thought, and some common sense to help make the relationship as strong and meaningful as possible.