



Is a Regular Giving Programme Worthwhile?

BUFFALO
A DIVISION OF RUFFALO NOEL LEVITZ

Introduction

In October 2018, Buffalo Fundraising Consultants ran several Regular Giving workshops throughout the UK. The sessions culminated with the delegates being asked to argue for and against the question:

Is a Regular Giving Programme (RGP) worthwhile?

This whitepaper outlines the answers.

A Regular Giving Programme IS worthwhile

Reduces financial risk and improves stability.

Charities with an RGP are more likely to achieve their total fundraising goals, than those without one¹.

Schools that only have a major donor programme incur greater financial risks, as they rely on the generosity of a very small number of individuals. The timing of when a major gift is made, is also often outside of the school's control and so the amounts raised from year to year will fluctuate wildly.

An RGP establishes regular giving habits in your donors which in turn provides a sustainable and predictable base income stream from hundreds a smaller gifts.

1. Increases the major donor and legacy pipeline.

General Data Protection Regulation (GDPR) makes it more difficult to profile potential major donors. However, an RGP ensures you are in regular contact with thousands of alumni and parents and so you are more likely to unearth previously unknown major gift prospects.

In addition, large gifts are donated infrequently by any one major donor and so an RGP keeps them engaged with the school during the 'off' years as they can donate smaller regular gifts.

If the RGP also includes a well-structured stewardship programme it will build lifetime loyalty, resulting in an increased number of legacy gifts.

2. Provides a flexible unrestricted income.

A major gift usually comes with restrictions on how it can be spent. By contrast an RGP income will often be unrestricted, so it can be allocated wherever the need is greatest.

Direct debits are the envy of US schools, as they can only receive one-off gifts. In the UK just one ask can lead to a direct debit being set-up which provides a predictable income to the school for several years. Effort in subsequent years can then be spent acquiring new direct debit donors.

¹ A 2014 study by the Nonprofit Research Collaborative confirms this point. In fact, charities with an RGP are 35% more likely to achieve their fundraising goals, than those without one.

3. Easier to measure instant success.

Major donors can take years to cultivate and so this can make it challenging for the Development team to show progress, which can result in schools losing confidence in the team. An RGP will deploy direct fundraising activities e.g. Giving Days, telethons that generate an immediate return on investment and so help justify the value of the school's development operation.

4. Generates a culture of giving.

In recent years Independent Schools have looked to reinforce their charitable status by stepping up their provision of benefit to the public, with increased bursary support and the introduction of formal partnerships with local state schools. However, most of the school community will be unaware of these efforts.

An RGP engages everyone about these good news stories and actively encourages prospects to support at a level they feel comfortable with. The resulting large range of gifts helps build a culture of philanthropy which may not have existed before. This in turn demonstrates to potential major donors, that the wider school community is engaged, making them more likely to give again.

5. Provides improved database quality and enrichment.

Schools with an RGP will have a better quality CRM² database. These schools must regularly engage with as many prospects as is possible and so are better able to keep up with their ever-changing lives. Better quality data with more connected alumni and parents benefits other areas within the school, be it careers mentoring/networking or event attendance.

6. Multichannel fundraising raises more money.

The more frequently a school asks, the more it will raise. However, a school should not meet the same prospect three times a year, as they will feel harassed. These days communication channels are fractured, not monolithic and so an RGP allows for multichannel fundraising which ensures your alumni and parents will accept more asks each year. This is important as one type of fundraising effort will appeal to a Millennial and a different kind to older donors. In the same way, some fundraising channels work better for overseas prospects, while others achieve stronger responses from UK prospects.

A Regular Giving Programme IS NOT worthwhile.

1. One major donor can give what the entire RGP generates.

This is true but major donor asks are extremely resource heavy with prospect research and face-to-face meetings. It will also take several major donor asks to gain one large gift and the size and timing of this gift will likely be outside the school's control. The number of potential major donors will also be small and so the volume of major gifts received each year will be limited. Once these factors have been considered the comparable ROIs are much closer than you might think.

2. We don't have the staff to run an RGP.

A core part of any Development team's function is to raise money. However, many teams end up absorbing roles that are not directly relevant to development. If these roles can be shed, there will be more time for fundraising.

² Customer Relationship Management

In addition, schools will use a fundraising consultant as a part-time specialist to support the larger and more complex fundraising activities, such as telethons and Giving Days, as these only happen periodically and so it is not cost effective to retain this type of expertise in-house.

3. There is a lack of SMT support and buy-in.

This can occur in schools where the RGP has been poorly structured, or the goals of an RGP have not been made clear to senior leaders.

The RGP should support the school's core priority areas - bursaries, academic excellence, broadening horizons. Specific projects will sit within these areas. For example, a new library would sit within academic excellence and might remain as a fundraising priority for a few years, whereas the choir music tour would sit within broadening horizons and would be funded within the year.

Senior leaders should not be measuring an RGP's success on purely fundraised income. The number and breadth of donor ages is vital for future fundraising success, the number of donors who renew their gift takes them one step closer to being a future legacy prospect, the number of people actively engaging with the school helps current students with mentoring and job prospects.

4. Mass fundraising approaches will cause offence.

This reason is most commonly cited when a telephone campaign is being considered, but the stats simply don't back up this statement. Of the 21,802 prospects included in our school telethons during 2018, just 8% opted not to receive a call. Of the 5,021 prospects spoken to, only 24 people said they did not appreciate the telephone approach. This compares very favourably to the 1,733 who donated.

5. We do not have enough prospects to make an RGP effective.

A larger prospect pool certainly helps make RGPs more effective. However, those with small databases should just consider which multichannel fundraising activities they conduct from year to year. An annual telethon might not be viable, but a bi-annual one with a Giving Day run during alternate years would.

Current parents are also a fantastic fundraising pool that should always be included in an RGP – their contact details are accurate and their average gift is nearly twice as large as alumni.

Conclusion

We hope this whitepaper clearly demonstrates how the benefits of a regular giving programme far outweigh the motions that have been raised as to why an RGP is not worthwhile.

Our door is always open, and we welcome the opportunity to answer any further questions this whitepaper may leave you with. Regular giving is our passion and we would love to help make your programme a success.



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