Stewardship: Creating Strategic Programmes That Inspire Loyal Donors

BUFFALO

A DIVISION OF RUFFALO NOEL LEVITZ

The Power of a Thank You

In an era where so much focus is on the solicitation of gifts, the important role of stewardship in the donor cycle should not be forgotten. The term ‘stewardship’ is often used interchangeably with ‘donor relations’ but, in fact, has a much more targeted purpose.

At its core, stewardship is closely aligned with accountability and reporting. Stewardship should provide information to donors on the impact of their gifts and on the mission of the organisation. This involves systems and methods of delivery for demonstrating financial accountability to donors, conveying ongoing appreciation and reporting on the impact of philanthropic support.

A key word in the definition mentioned above is **impact**. Are your stewardship programmes showing donors the impact of their giving? Are you able to point to a physical outcome that was made possible because of that donor’s generosity? That is a specific purpose of stewardship.

Strategic Segmentation: It’s Not Just for Fundraising Appeals

Development operations have become much more sophisticated when it comes to strategy and segmentation within fundraising campaigns. Fundraisers in every sector around the world, collectively spend thousands of hours a year focused on what segments to solicit in certain manners. High-net-worth prospects have different approaches to regular giving prospects. Legacy (or planned giving) prospects are solicited differently to those who potentially could give during their lives.

The low-level donor who gives a few hundred pounds a year, probably doesn’t need an invitation to a luncheon or dinner the way a major gifts donor would, but that does not mean that lower-level donors should not be shown the impact of their philanthropy. In many ways, showing this impact to your small, regular donors takes more planning because it takes a collective effort of giving to make that impact. It’s often easier to point to a single £100,000 gift than pointing to 1,000 gifts of £100 each. However, retaining and upgrading those 1,000 donors is critical to any successful regular giving programme.

Many organisations segment their donors through the use of giving societies, some of which are based on cumulative giving amounts, while others may be based on age, frequency or types of giving. Similarly, many organisations are now recognising first-time donors.

Take a hard look at what you are doing for these specific segments of your database. Are you sending out information about their specific philanthropic interest, or is it more general? In addition, are you ensuring that your stewardship and case for support messaging is aligned and working in union, or is there conflict?

Relevancy, Timing and Frequency are Critical

Stewardship communications should be relevant to a donor's gift. Just as generic fundraising messaging does not resonate well with modern donors and prospects, neither does generic stewardship messaging.

Show the donor that your organisation recognises what the donor intended to support. If the donor's gift was directed to scholarships, the donor should receive stewardship about scholarships. If your database also shows that a donor has interests in additional areas, focus on those opportunities in the cultivation process, not the stewardship.

When should you send stewardship updates?

There is no universal answer for the best timing, other than to recommend an alignment of all communications. For example, many Oxford colleges send out their donor reports at the beginning of the calendar year, as it gives a chance for the previous financial year's accounts to be finalised and is generally a slightly quieter time in the year in terms of other development activity. When reviewing your own data for trends, give some thought to using the slowest giving months and quieter activity times on your organisation's calendar as your strongest stewardship months.

Timing of communications in all phases of the donor cycle should be approached strategically and should complement the entire donor relationship. Within a single financial year, for example, make sure stewardship communications do not arrive at the same time as additional asks. As an organisation, you want to maximise the effect of each communication, so be sure to strategically spread out all of the messages based on what's right for your organisation.

How frequently should you send a stewardship communication/update?

86.3% of millennial donors in the US want regular updates on products or services, with a heavy preference to quarterly

Achieve and Johnson Grossnickle Associates, 2010

Consider doing something at least annually, but biannually to quarterly is most effective. In the US, the '2010 Millennial Donor Study' survey by Achieve and Johnson Grossnickle Associates, found that 86.3% of these donors wanted regular updates on products or services. Many of these donors also indicated that they preferred quarterly, and hardly any noted that annually would satisfy their needs.

Further studies in the US found that half of Generation X donors born between 1965 and 1980 said that 'the ability to directly see the impact of their donation, would have a significant bearing on their decision to give'. This was also true for a third of those donors over 50.

What Channels Should I Use?

Not only should the content be relevant to each individual donor, but so should the channel being utilised. Just like solicitations, stewardship programmes should be handled using a multichannel approach.

Direct mail has long been a staple of stewardship programmes, and should continue to be an integral part of your strategy. Give significant thought to your direct mail for specific segments of your database. A regular donor may enjoy receiving a handwritten thank you note from a student more than a major donor. Conversely, the major donor may prefer a communication from a development director or head of the institution. When sending merchandise via direct mail, think about whether that donor segment will be able to use the item and whether it helps showcase the impact of their gifts.

Email, social media, and other electronic methods are great channels to incorporate into stewardship programmes. One of the benefits of electronic communication is the ability to utilise video. A short video or podcast has the potential for greater impact than a few extra paragraphs of text. US company, Digital Sherpa reports that video increases the understanding of a product or service by 74%. As important, is the fact that videos and podcasts are mobile-friendly. It will be a lot easier (and probably more convenient) for your donor to watch or listen to those presentations than finding time to read a lengthy letter or email.

Video increases the understanding of a product or service by

74%

Digital Sherpa, 2014

Crowdfunding platforms represent another channel that not only requires consistent stewardship updates but is, in fact, built to incorporate that very element of the donor cycle. Some crowdfunding campaigns may require stewardship updates more frequently than quarterly.

Don’t forget about using the telephone as a stewardship channel. Two options to consider in your strategic mix are either personal thank you calls or a voice message.

For first-time donors, a simple thank you call can significantly increase your retention rate, with some institutions seeing as much as a 6% retention boost. For some segments, you may find a thank you video more effective. For example, maybe a student choir was able to receive money from the regular giving fund to attend a national competition or perhaps a sports team was able to upgrade its equipment. A quick 30-40 second recording letting a donor know these success stories, can effectively resonate with your donors.

While it is unlikely that you can ask a head of an institution to make hundreds of thank you calls, you can invest in recording a single message from them and sending hundreds (or even thousands) of video clips via email.

Don’t Forget About Stewardship Analytics

Quite possibly, the hardest thing to do in stewardship is to analyse its impact. Does stewarding a donor really matter and how can we quantify this fact?

Once again, organisations should look at how much time, technology and resources are placed into analysing solicitations and utilise some of these same methods to analyse the effectiveness of stewardship programmes. Consider some of the following:

- Donor retention
- Number of regular donors
- Average number of years for which a donor has given
- Average lifetime gift value of a donor

It will also be important to review your donor stewardship calendar to determine what was successful and less successful, so that processes can be renewed or streamlined in future years.

Conclusion

Clearly, stewardship can play a significant role in reversing any downward trends in donor retention, as well as encouraging people to give more. As discussed in this paper, donors want and expect regular, timely stewardship for their gifts. Generation X donors born between 1965 and 1980, will, if not already, comprise half of any prospect pool and are critical for organisations to capture and retain as donors.

On a macro level, analyse whether or not your stewardship programme is engaging your donors emotionally. Set a goal to have stewardship communications serve as an emotional extension of their relationship with you and be sure to show donors the true impact of their generosity.

Finally, remember that stewardship is an important part of the donor cycle and should be approached that way organisationally. Every aspect of your development programme should be managed in a strategic and multichannel way in order to maximise fundraising success.

For more information on how Buffalo can help you make your stewardship more sustainable, please contact our business development team on 01179 33 55 80 or at marketing@buffalofc.co.uk