


The Donation Equation



CASE Institute for Senior
Annual Giving Professionals
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Brian Gawor, CFRE
Ruffalo Noel Levitz

RUFFALO NOEL LEVITZ | THE DONATION EQUATION



Brian Gawor, CFRE
Vice President of Research

- Former Annual Fund and Major Gifts officer
- Doctoral student at Illinois State University
- I get to help hundreds of institutions a year with data-driven strategy and tactics.

LIKE → GIVE

#donationequation

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$$\left(\begin{array}{c} 1F \quad 2\% \\ \mathbf{P} \\ \text{Philanthropy} \\ M, B, X, Y \end{array} + \begin{array}{c} 1FS \quad <6 \\ \mathbf{G} \\ \text{Gratitude} \\ 24h, 7x, 4/15 \end{array} \right) \times \left(\begin{array}{c} 2F \\ \mathbf{C} \\ \text{Connection} \\ 0>1.2.1., C.A.P. \end{array} + \begin{array}{c} 2S \quad 4.5'' \\ \mathbf{S} \\ \text{Story} \\ :30, TtDS \end{array} + \begin{array}{c} 2F \quad x2 \\ \mathbf{U} \\ \text{Urgency} \\ 1d, 6/30, 12/31 \end{array} \right)$$

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donationequation.com

3F \neq U
B
Barriers
3:58, 65%, <2c


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The Donation Equation Experiment

How it started

- Reviewed hundreds (now thousands) of stats, articles, studies, experiments and examples.
- Can we build an equation?
- Settled on 6 key “buckets”
- Feedback at 15 different CASE/AFP/RNL events
- It ends on a boat.



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$$\left(\begin{array}{c} 1F \quad 2\% \\ \mathbf{P} \\ \text{Philanthropy} \\ M, B, X, Y \end{array} + \begin{array}{c} 1FS \quad <6 \\ \mathbf{G} \\ \text{Gratitude} \\ 24h, 7x, 4/15 \end{array} \right) \times \left(\begin{array}{c} 2F \\ \mathbf{C} \\ \text{Connection} \\ 0>1.2.1., C.A.P. \end{array} + \begin{array}{c} 2S \quad 4.5'' \\ \mathbf{S} \\ \text{Story} \\ :30, TtDS \end{array} + \begin{array}{c} 2F \quad x2 \\ \mathbf{U} \\ \text{Urgency} \\ 1d, 6/30, 12/31 \end{array} \right) \neq \begin{array}{c} 3F \quad \neq U \\ \mathbf{B} \\ \text{Barriers} \\ 3:58, 65\%, <2c \end{array}$$

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Alumni Participation, 1975–2015

VSE Survey from CAE

- It is a greater challenge to cultivate a new donor than to acquire a potential donor's contact information.
- So, even in years when the number of alumni donors increases, that number is not expected to increase more than the number of alumni of record.
- Therefore, the participation rate will likely continue to decline.

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2007-2015

More than 68% of higher education institutions experienced a decline in alumni donor count!

Average decline totaled **27%**




And if you are up, how hard are you working to get and keep donors?

RNL Study of VSE Data, 814 Institutions who reported some donors in 2007 and 2015.

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The Advancement Communications Toolkit



**Reality:
A LIKE IS NOT A CHECK.**

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73% of Millennial alumni plan to donate to their alma mater, but...

75% of them would donate to another cause first.

2014
MILLENNIAL ALUMNI REPORT
A STUDY ON MILLENNIAL ALUMNI OF FOUR-YEAR UNIVERSITIES IN THE UNITED STATES


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STEP 1: CHANGE COSTUME

“ENCLOTHED COGNITION”



FULL ON NERD

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1F	2%
P	
Philanthropy	
M, B, X, Y	

“The immediate, base likelihood of a positive giving response based on donor resources, background, demographics, knowledge/orientation to the cause, and previous philanthropic experience.”

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1F	2%
P	
Philanthropy	
M, B, X, Y	

**LYBUNT
SYBUNT
GEN X
BOOMERS**

**PROSPECT
RESEARCH**

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**How are you building a
culture of philanthropy?**

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94%

*of student fundraisers (phonathon) indicate that **because of their experience, they are more likely to give.***

RuffaloCODY 2014 Survey
USA, Canada, Australia
n = 714

<http://www.ruffalonl.com/fundraising-management/white-paper-developing-phonathon-callers/>

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G IS FOR GRATITUDE

"G" May also be influenced by a "benefit" to the donor

Examples: Tax Credit, Deduction, Annuity, IRA Rollover, Credit Card Points, Gift Premium...

... feeling involved and part of the team, the "warm glow" (Andreoni)

Immediate incentives most effective.

1 <6

G

Gratitude

24h, 7x, 4/15

THE
WHY
... JOHN A. COX

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1FS <6

G

Gratitude

24h, 7x, 4/15

“The real or perceived gain a donor receives or expects to receive when giving. This may include psychological, social, or actual rewards.”

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1 <6

G

Gratitude

24h, 7x, 4/15

**STEWARDSHIP
NOTES
CALLS
INCENTIVES
GIFT SOCIETIES
TICKETS
TAX BREAK**

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Tax Law Changes 2018

Potential

- Tax changes could result in \$21B drop in giving.
-Dr. Patrick Rooney, IU Lilly School
- But, GDP could rise, mitigating this effect by \$8B
-Estimates by top economists
- Giving likely to remain in historical 40-year range
- Itemized deductions likely less a motivator for <\$250k income.
- Your donor pool, and specific types of giving important.

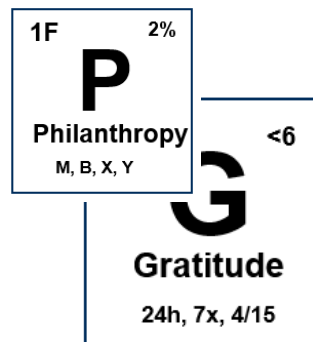
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“Simply put, the new tax code could increase GDP and stock values leading to more charitable giving that could, at least partially, offset any potential decline in giving resulting from the new tax policy.”

- Michael Rosen

Ideas:

- IRA Rollover opportunities. (Income exclusion).
- If space scarce, test out de-emphasis of deductibility.
- Pre-election and tax reform donor indecision is likely over and it's time to ask.
- Anyone want to ask their donors?



<https://michaelrosensays.wordpress.com/>

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THE BASELINE INGREDIENTS

You may not have control of **Philanthropy** with all donors, but you sure can influence **Gratitude**.

Establish a culture of philanthropy, thank donors, and make premium gifts experiential.

1F	2%
P	
Philanthropy	
M, B, X, Y	

+

1FS	<6
G	
Gratitude	
24h, 7x, 4/15	

23

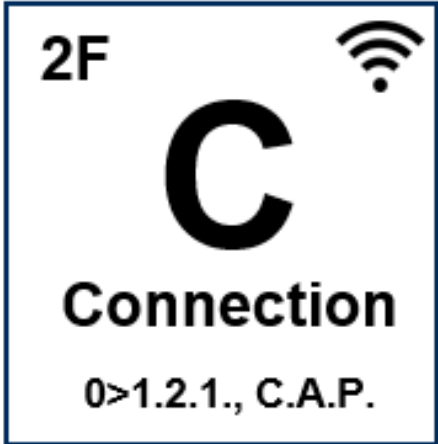
THE ACCELERANTS



B

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2F

C

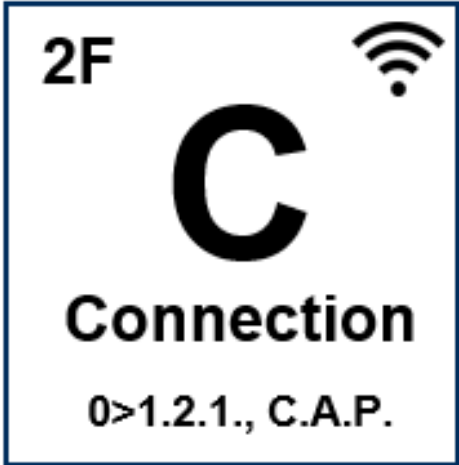
Connection

0>1.2.1., C.A.P.

“The immediate sense of fit a donor feels when receiving the appeal, including their personal connection to the cause, the asker, and to donor peers who are giving.”

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2F

C

Connection


0>1.2.1., C.A.P.

**CAUSE
ASKER
PEERS
PICTURES
LIKE YOU?**

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TELL A STORY!



give a gift and make an *impact...*

Do you identify with the scholarship recipient?

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THREE TYPES OF Connection

Connection to the Cause:
Does this donor care about us or this giving area in particular?

Connection to the Asker:
Does this person care about the person "signing the letter," making the call, making the ask?


Connection to Peers:
Is your solicitation "networked?"

2F 

C

Connection

0>1.2.1., C.A.P.



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2S 4.5"

S

Story

:30, TtDS

"The developed narrative a donor internalizes about the organization, impact for giving, and their own role in this impact over time.

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2S 4.5"

S

Story

:30, TtDS

ORG STORY

FRAMING

THE DONOR'S STORY

IMPACT

VOLUNTEERS

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We asked four students about their path to university. They thought it was for a promotional video. What happened next was something they never expected.

A message to my donor:
 "I won't let you down.
 I promise I will make a difference."
 - Sydney scholarship recipient.

<https://youtu.be/7nXkPVHimpE>

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INVOLVE THE TEAM IN STORYTELLING

STORYTELLING TIPS

- Talk to colleagues
- Get everyone on board
- Respect and protect privacy
- Create a Story Bank
- Use Social Media

"Strength in Storytelling"
 -Brennen Jensen
Chronicle of Philanthropy,
philanthropy.com

THE CHRONICLE OF PHILANTHROPY

Effective Storytelling Needs Effort Throughout the Organization

Want to tell more and better stories? Experts offer advice on where to start and what to be aware of as you develop what some call "a culture of storytelling" within an organization.

TALK TO COLLEAGUES

"One of the big things I see people struggle with is that they don't know where to find stories at their organization, especially if they don't work directly with programs," says Vanessa Chase, founder of the charity-consulting firm Storytelling Non-Profit, in Vancouver, B.C. "I always encourage people to start storytelling behavior internally, talking to colleagues and building rapport with them while focusing on the work they are doing. Maybe dedicate the first 10 minutes of staff meetings to storytelling. After you get comfortable telling each other stories, you can model that as your storytelling behavior for the organization."

GET EVERYONE ON BOARD

Once you have decided that storytelling is a priority at your organization, make sure everyone—from those in the mail room to the board room—is mindful of this goal and listens for new stories. "Everyone here knows we want stories," says Connie French, director of communications and marketing for Health Leads. "Whether people work with clients or physicians or our [volunteers], they know that when they hear a good story, they need to get in touch with our department."

RESPECT AND PROTECT PRIVACY

For stories about individuals, confidentiality concerns must be thoroughly addressed from the start. "I think it's certainly best to work with the storyteller directly—to face them and be frank about the ways in which you'd like to be able to repackage their story, and make sure they are comfortable with it and fully understand," says Gregory Foster, technology

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Tell the Donor's Story!

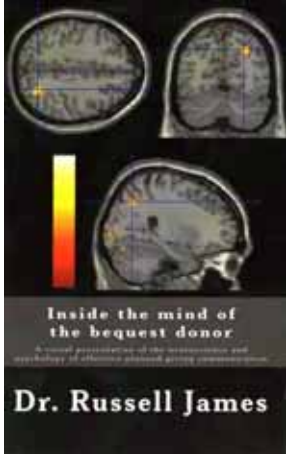
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BRAINSCANS OF DONORS?

- 80% of planned givers have given annually.
- Dr. Russell James (Texas Tech): fMRI brain scan of subjects asked to contemplate giving, volunteer, and bequest decisions.
- Bequest decisions: activate the brain areas associated with mortality.
- Bequests decisions are **First Person** rather than **Third Person** brain activity.
- “symbolic immortality.”



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Millennial Cause Motivation

“What motivates Millennials is a desire to affect their cause through your organization with their friends.”

-Derrick Feldmann
The Millennial Impact Project
themillennialimpact.com

2F	📶	2S	4.5"
C		S	
Connection		Story	
0>1.2.1., C.A.P.		:30, TIDS	

5

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2F x2

U

Urgency

1d, 6/30, 12/31

“The donor’s immediate perception of necessary speed for giving based on the time-based incentives, deadlines, and perceived immediate need to the cause.”

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2F x2

U

Urgency

1d, 6/30, 12/31

**FYE/CYE
DEADLINE
CHALLENGES
MATCHES
CAMPAIGNS
GIVE DAYS**

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WHY GIVE NOW?

- CONSTANT STORY OF IMPACT
- SOCIAL CONNECTION
- TIME-SENSITIVE OPPORTUNITIES

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MOTIVATE FENCE SITTERS

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URGENCY: Matching Challenges

Challenges are effective.

- 1 x Match all that is needed—anything more makes little difference.
- Great if the “challenger” is connected to the donor.
- Massive impact of challenges to giving days.

MARCH 27 AT 6 AM THRU MARCH 28 AT 6 PM

36-HOUR GIVING CHALLENGE

\$1 MILLION

BENEFITTING OVER 100 LOCAL NONPROFITS

The Giving Partner

If you give, Knox gets

\$100,000

Every gift counts.

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DOLLARS VS. PARTICIPATION GOALS

Charitable crowdfunding campaigns can set the overarching goal in either total dollars raised or total number of donors participating in any amount. Dollar goal campaigns tend to be more common for funding trips and specific capital projects. Participation goal campaigns often involve challenges by major donors or competitions between teams or campuses.


Project Type	Dollar Goal Campaigns				Participation Goal Campaigns			
	NUMBER OF CAMPAIGNS	AVERAGE NUMBER OF TOTAL GIFTS	AVERAGE CAMPAIGN TOTAL	AVERAGE ONLINE TOTAL	NUMBER OF CAMPAIGNS	AVERAGE NUMBER OF TOTAL GIFTS	AVERAGE CAMPAIGN TOTAL	AVERAGE ONLINE TOTAL
Alumni	153	45	\$89,993	\$4,267	97	73	\$77,750	\$6,035
Arts	83	40	\$5,396	\$3,890	7	61	\$6,024	\$6,017
Athletics	292	50	\$10,059	\$6,739	58	20	\$5,835	\$1,541
Giving Day	21	72	\$12,320	\$9,274	12	294	\$37,926	\$24,698
Institutional	1,286	67	\$13,543	\$7,232	219	120	\$19,741	\$10,952
Research	113	60	\$8,854	\$5,877	10	43	\$4,888	\$4,219
Scholarship	287	55	\$15,415	\$6,922	26	158	\$20,581	\$12,156
Student Class Gift	42	130	\$8,981	\$6,292	45	150	\$3,174	\$1,675
Student	1,061	27	\$3,127	\$2,291	77	43	\$4,102	\$2,552
Travel	293	43	\$5,448	\$3,885	18	32	\$2,651	\$2,573
All Campaigns	3,631	50	\$12,544	\$5,236	569	94	\$24,238	\$7,138

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Raw Materials X Accelerants

1 P Philanthropy M, B, X, Y 2%	1 G Gratitude 24h, 7x, 4/15 <6	
2 C Connection <6, C, A, P Wi-Fi	2 S Story :30, 1.2.1 4.5"	2 U Urgency 1d, 6/30, 12/31 x2

= 

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3F B Barriers 3:58, 65%, <2c ≠ U	<p>“The <u>friction</u> for giving offered by needed donor choices, limits to giving vehicles and potential speed of donation completion.”</p>
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3F ≠ U

B

Barriers

3:58, 65%, <2c

BAD GIVING PAGES

CLICKS

DECISIONS


SINGLE VEHICLE

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BARRIERS IN ONLINE GIVING

- How many clicks does it take to give?
- **Registration**
- 3 minutes and 58 seconds on average for an online purchase.
- 4 minutes and 15 seconds for online donations*.
- Ask your team: "What do we actually need to accept a gift?"



*<http://www.kimbia.com/10-ways-increase-online-donations-optimize-donor-experience/> (Nielson Norman Group Study)

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What is the DONATION EQUATION?

Raw Materials

X

Accelerants

Barriers

= 

1 ^{2%}

P

Philanthropy

M, B, X, Y

1 ^{<6}

G

Gratitude

24h, 7x, 4/15

2 ^{WiFi}

C

Connection

<6, 1.2.1., C.A.P.

2 ^{4.5"}

S

Story

:30, 1.2.1

2 ^{x2}

U

Urgency

1d, 6/30, 12/31

3 ^{≠ U}

B

Barriers

3:58, 65%, <2c

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1F ^{2%}

P

Philanthropy

M, B, X, Y

+

1FS ^{<6}

G

Gratitude

24h, 7x, 4/15

) ×

2F ^{WiFi}

C

Connection

>1.2.1., C.A.P.

+

2S ^{4.5"}

S

Story

:30, TIDS

+

2F ^{x2}

U

Urgency

1d, 6/30, 12/31

)

3F ^{≠ U}

B

Barriers

3:58, 65%, <2c

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A NEW WAY TO LOOK AT THE ASK

SO, LET'S TRY IT OUT!

$$\left(\begin{array}{c} 1F \quad 2\% \\ \mathbf{P} \\ \text{Philanthropy} \\ \text{M, B, X, Y} \end{array} + \begin{array}{c} 1FS \quad <6 \\ \mathbf{G} \\ \text{Gratitude} \\ \text{24\%, 7x, 41\%} \end{array} \right) \times \left(\begin{array}{c} 2F \quad \text{Wi-Fi} \\ \mathbf{C} \\ \text{Connection} \\ \text{9=1.21, C.A.F.} \end{array} + \begin{array}{c} 2S \quad 4.5'' \\ \mathbf{S} \\ \text{Story} \\ \text{3\%, 70\%} \end{array} + \begin{array}{c} 2F \quad \times 2 \\ \mathbf{U} \\ \text{Urgency} \\ \text{1\%, 6/30, 12/01} \end{array} \right) = \begin{array}{c} 3F \quad \neq U \\ \mathbf{B} \\ \text{Barriers} \\ \text{2-3\%, 65\%, <2c} \end{array}$$

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WE ARE THE WORLD: 1986

- \$44.5 million within one year of release for USA for Africa.
- A TON of money in 1986.
- Strengths: Story, Connection to Asker, Low Barriers.

“It's true, we'll make a better day, just you and me.”

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P G C S U B

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THE ICE BUCKET CHALLENGE

ICE BUCKET CHALLENGE

Strengths: Connection, Urgency, then later, Story
 Big strength: Links an **action** to a **donation**.
 Viral and Networked.




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P G C S U B

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STUDENT PHILANTHROPY PROGRAMS

Goal: Increase the “P” variable for the future.

Education about philanthropy

Establish “normative behavior”

Giving rate of volunteers = 3–8x general population

P G C S U B

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To you, from fellow Knox Alumni

Jane and John Alumni

Date June 30, 2014

Pay to the order of Knox Student \$ 2,962.37




Two Thousand Nine Hundred Sixty Two and 37/100 Dollars


Memo Veritas *Jane Alumni*

Alumni and Friends contributed over \$3.5 million last year to the Knox Fund. In 2013, over \$15 million was contributed to Knox.


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Donor Action

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CROWDFUNDING





- Strengths: Connection, Urgency, Story, Barriers
- Leverages a social network for good.
- Can be part of an annual fund story.
- Crowdfunding campaigns that have short videos receive 66% more contributions.
- Include offline gifts.

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CONSIDER YOUR APPEAL

- Who are you asking?
- Have they been thanked?
- Are they connected to this cause and asker?
- What is your impact story? (pictures, "raw" video)
- Why give now?
- What are the barriers to giving?

<p>2</p> <p>C</p> <p>Connection</p> <p><6", C, A, P</p>	<p>2</p> <p>4.5"</p> <p>S</p> <p>Story</p> <p>:30, 1, 2, 1</p>	<p>2</p> <p>x2</p> <p>U</p> <p>Urgency</p> <p>1d, 6/30, 12/31</p>
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RUFFALO NOEL LEVITZ | THE DONATION EQUATION

P Philanthropy
1F 2%
M, B, X, Y

G Gratitude
1FS <6
24h, 7x, 4/15

C Connection
2F
0>1.2.1., C.A.P.

S Story
2S 4.5''
:30, TtDS

U Urgency
2F x2
1d, 6/30, 12/31

B Barriers
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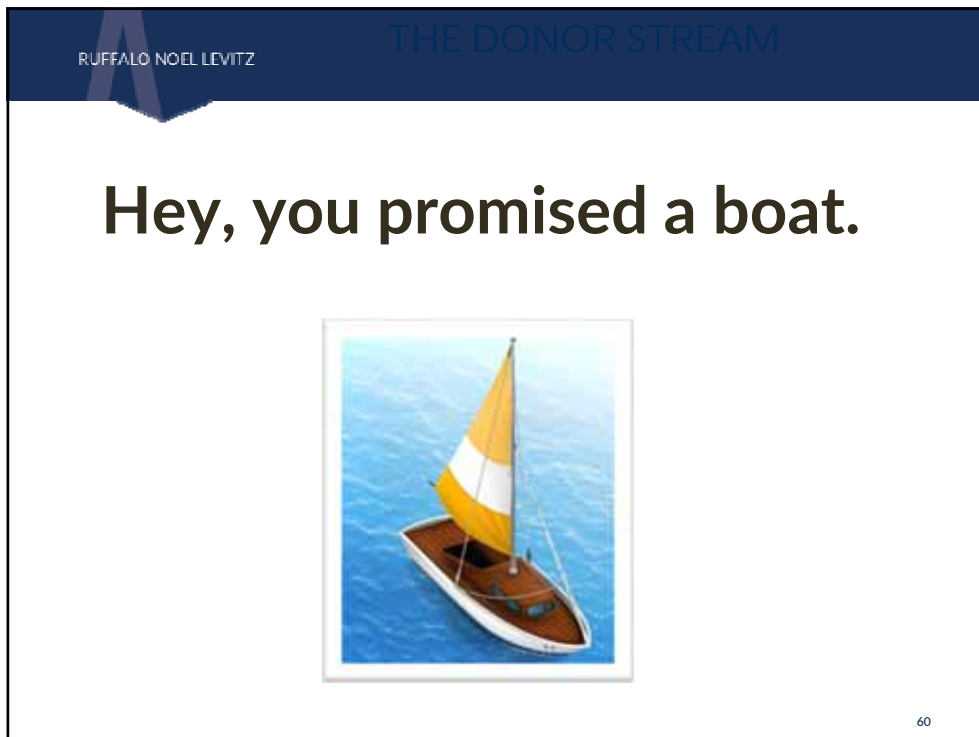
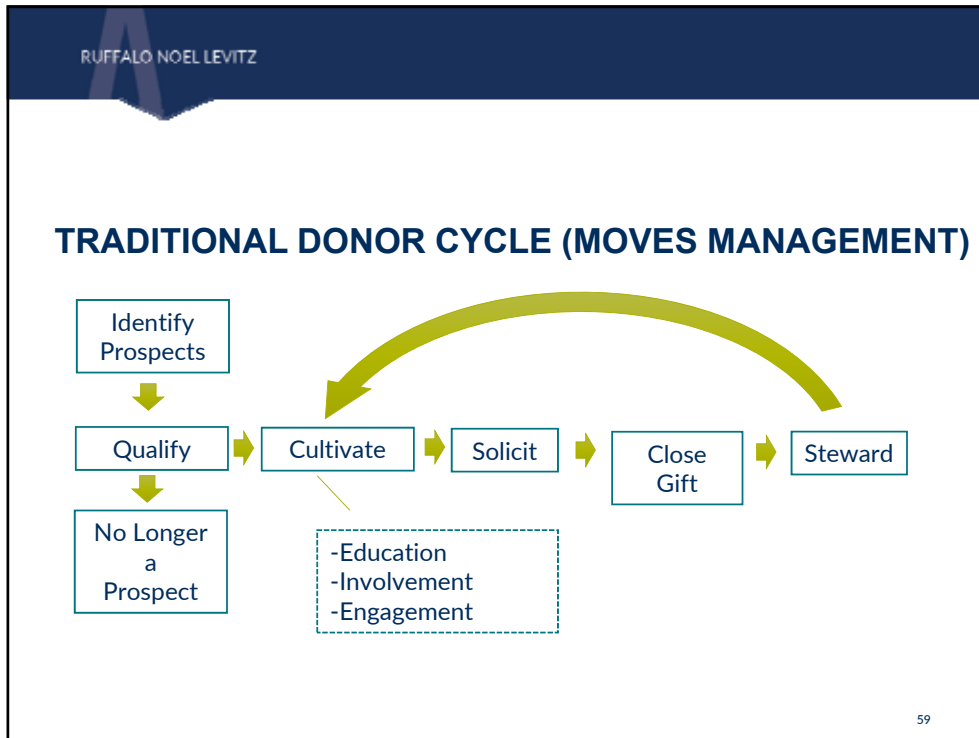
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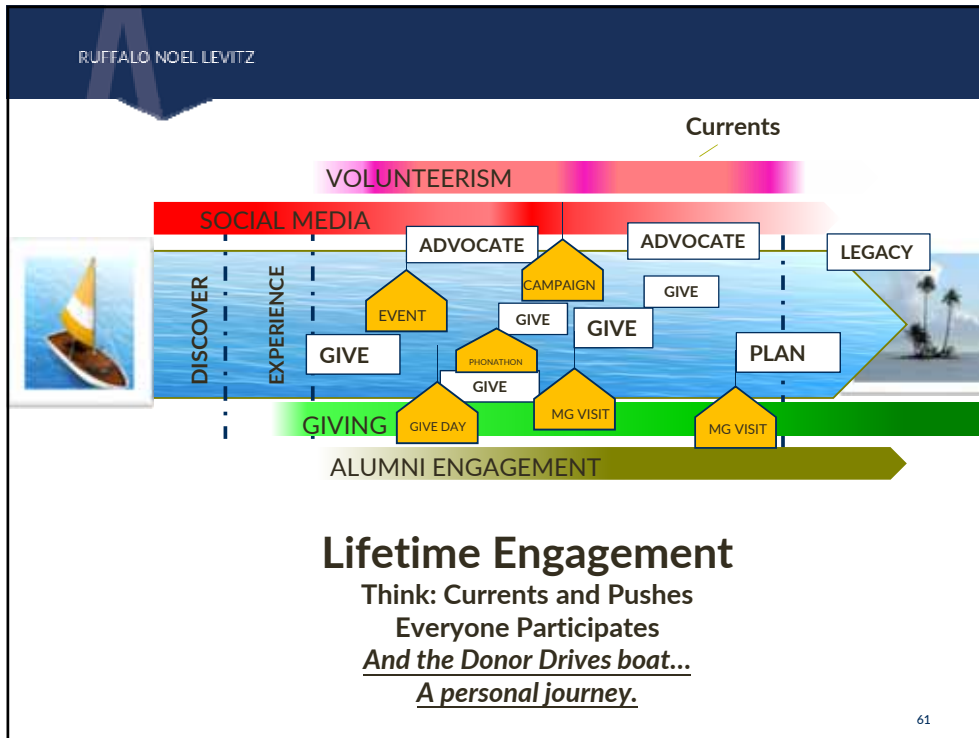
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RUFFALO NOEL LEVITZ | An AGE OLD EQUATION

<i>Donors give when asked...</i>	Philanthropy
<i>by the right person...</i>	Connection
<i>for the right thing...</i>	Story + Connection
<i>at the right time...</i>	Urgency
<i>for the right amount.</i>	Philanthropy + Barriers
<i>(after being thanked)</i>	Gratitude

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RUFFALO NOEL LEVITZ | THE DONATION EQUATION

The diagram illustrates 'The Donation Equation' as a mathematical formula. It features several components:

- Philanthropy (P):** 1F, 2%, M, B, X, Y
- Gratitude (G):** 1FS, <6, 24h, 7x, 4/15
- Connection (C):** 2F, 0>1.2.1., C.A.P.
- Story (S):** 2S, 4.5", :30, TtDS
- Urgency (U):** 2F, x2, 1d, 6/30, 12/31
- Barriers (B):** 3F, ≠ U, 3:58, 65%, <2c

The equation is structured as follows: (P + G) × (C + S + U) = B. A diagonal line is drawn through the Barriers (B) component.

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