

Solving the Donation Equation: How to Grow First-Time Gifts into Lifetime Donors

Brian Gawor, CFRE

Vice President for Research, RNL

RUFFALOSM
NOEL LEVITZ



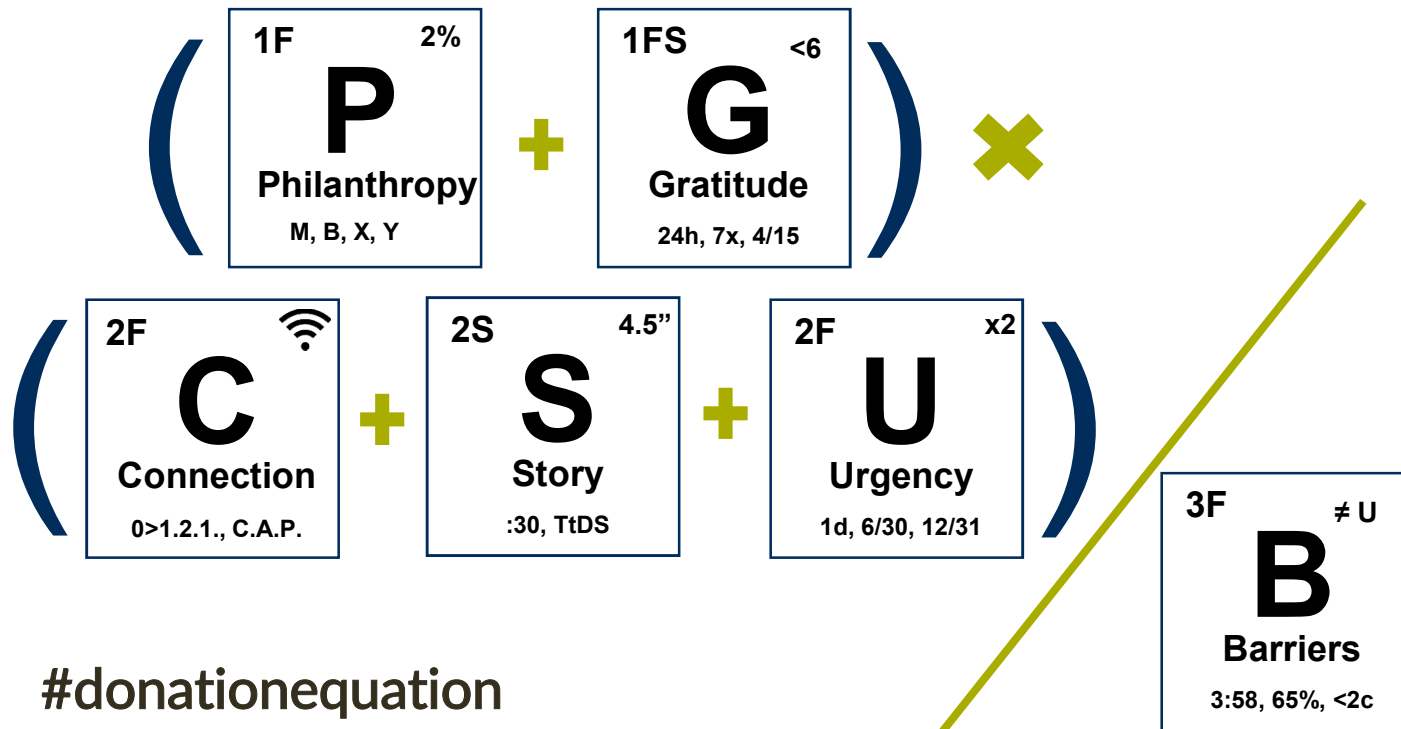
Brian Gawor, CFRE

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



#donationequation
donationequation.com

The Donation Equation Experiment

How it started

> 1,000 articles, studies, experiments

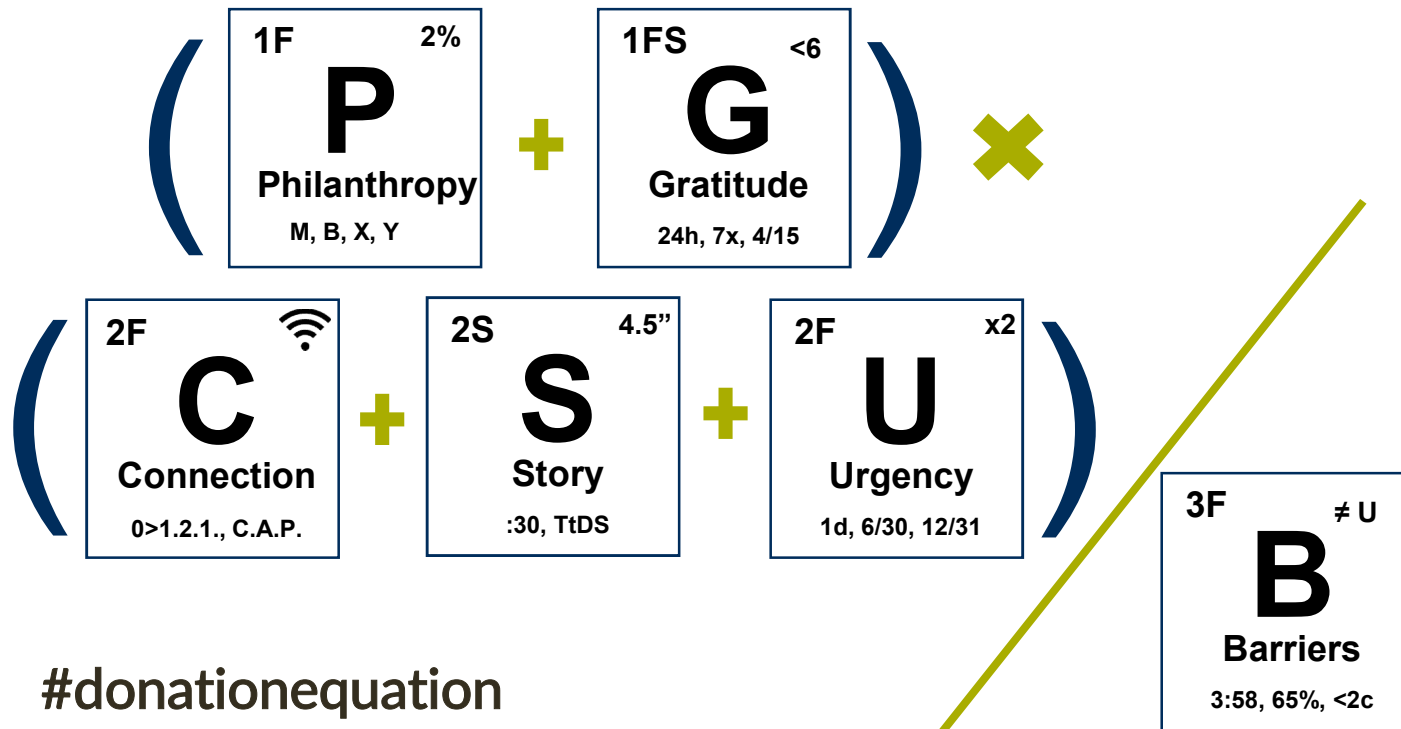
What do these have in common?

Can we build an equation?

6 “buckets”

Tested at CASE, AFP, RNL events

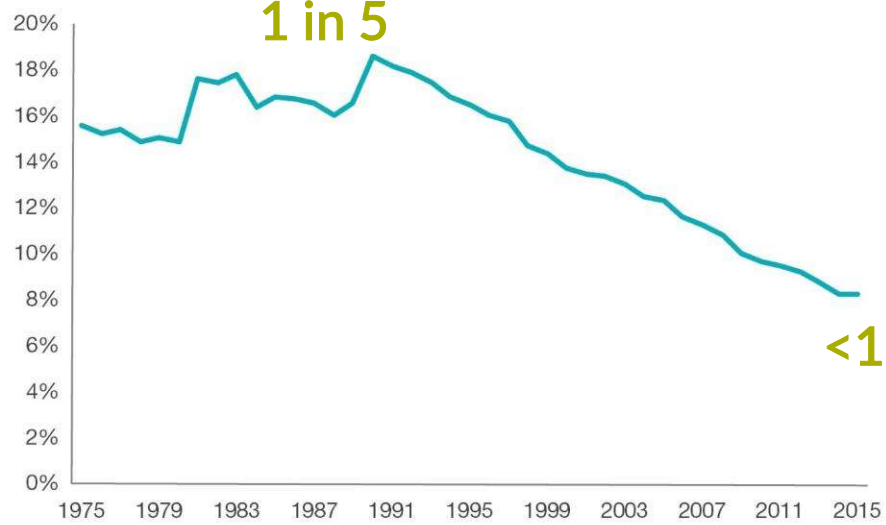




#donationequation
donationequation.com

Alumni Participation, 1975–2015

VSE Survey
from CAE



2007-2015

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

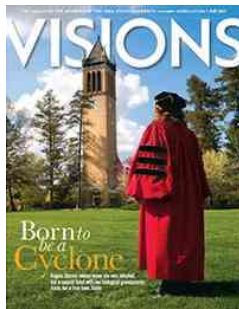
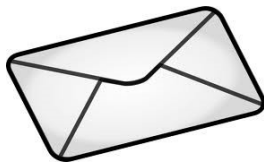
**Average decline
totaled**

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.



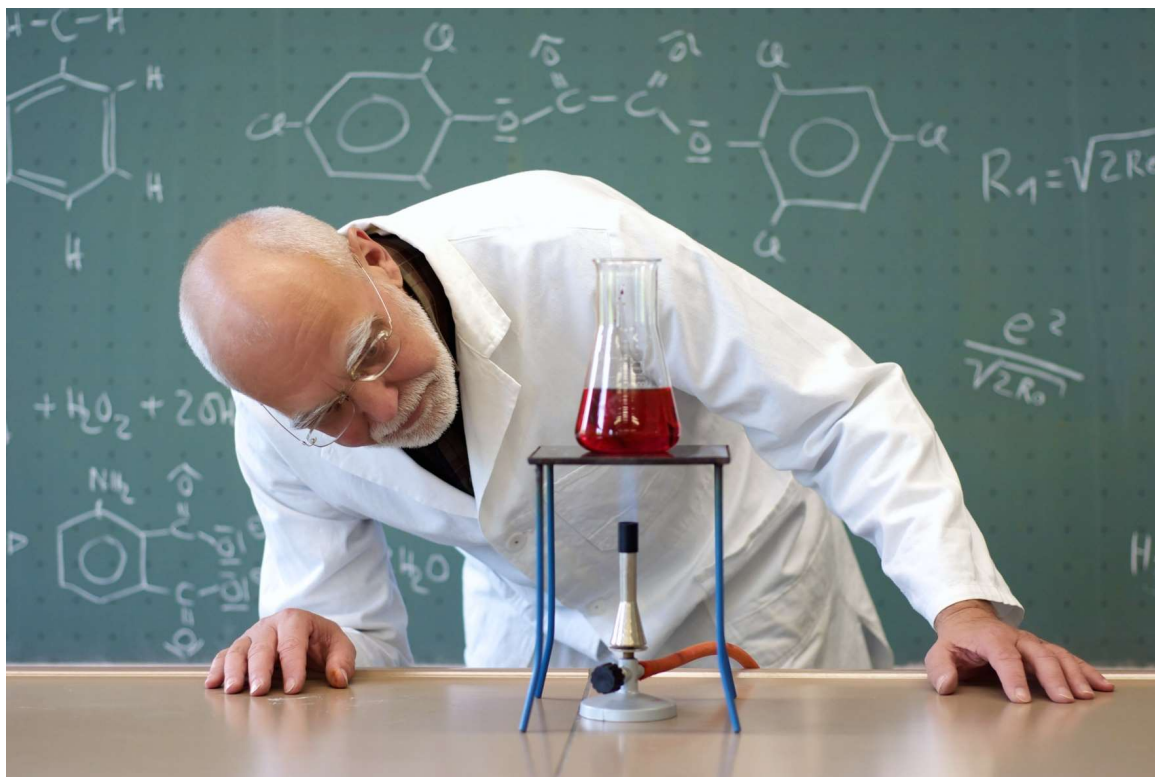
Reality:
A LIKE IS NOT A CHECK.



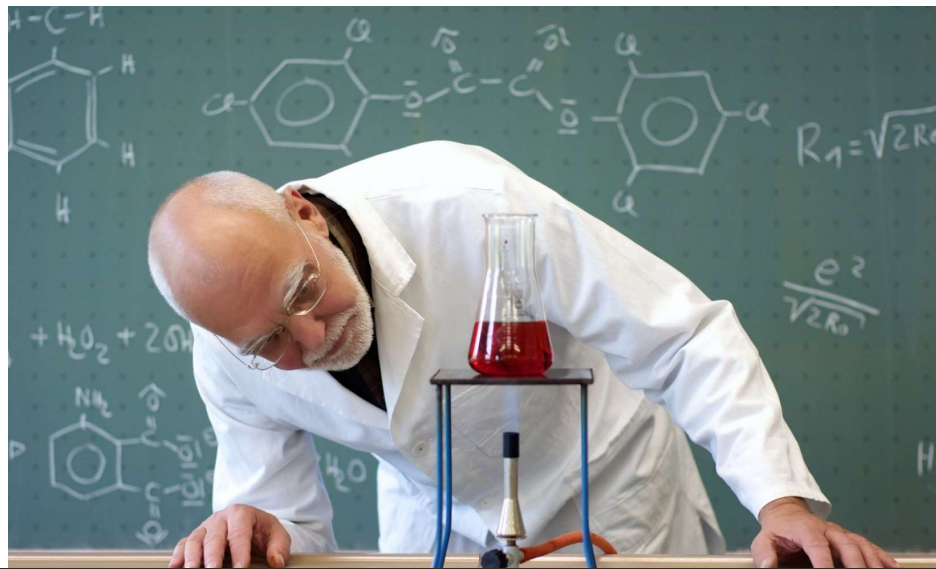
73% of Millennial alumni plan to donate to their alma mater, but...

75% of them would donate to another cause first.

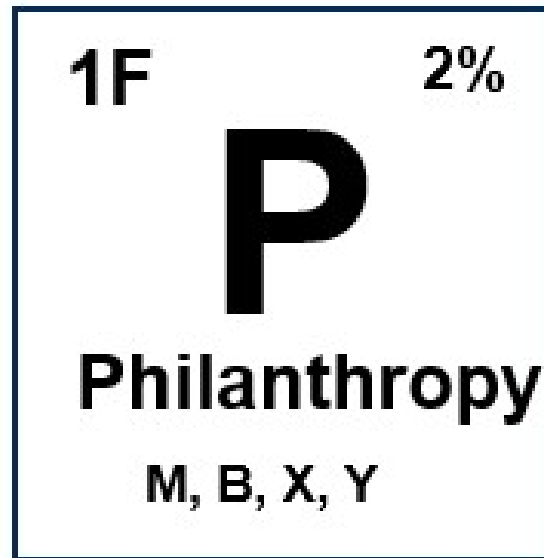




“ENCLOTHED COGNITION”



FULL ON NERD



“voluntary action for the public good”

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

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

**LYBUNT
SYBUNT
GEN X
BOOMERS
PROSPECT
RESEARCH**

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/>

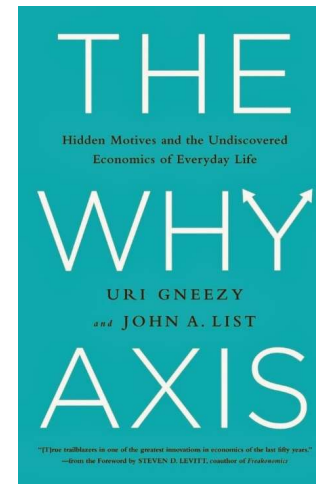
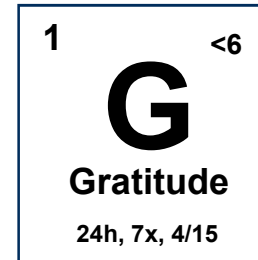
How are you building a **culture of philanthropy?**

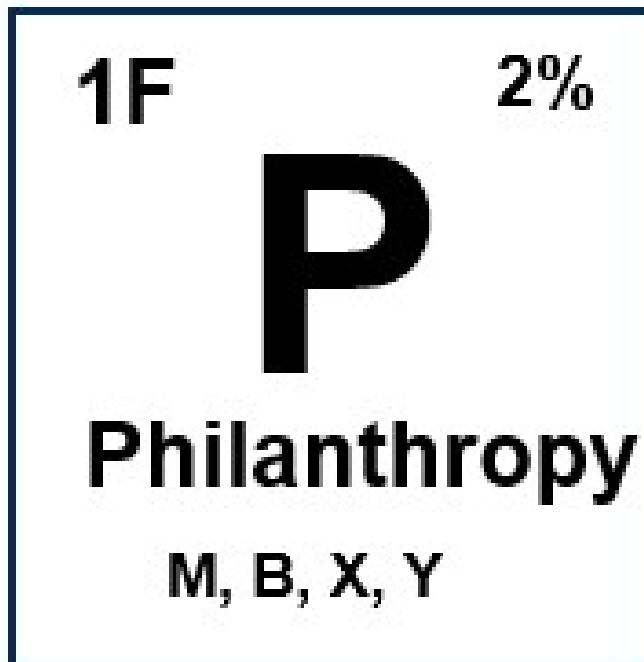
“G” May also be influenced by a “benefit” to the donor

*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.





How to increase:

1. Focus on philanthropic people.
2. Build more philanthropic people

Myth: CHARITY OF CHOICE

BECAUSE CHARITABLE PEOPLE GIVE TO LOTS

Reality: CHARITY OF PASSION

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.”

“give and take”

1

<6

G

Gratitude

24h, 7x, 4/15

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

Tax Law Changes 2018

Potential

- Tax changes could result in \$21B drop in giving.
 - Dr. Patrick Rooney, IU Lily 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.

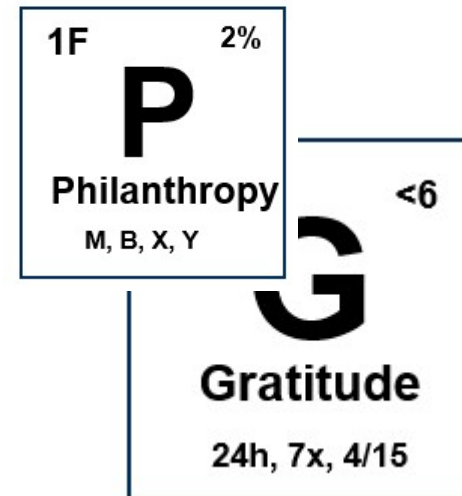
“Simply put, the new tax code could increase GDP and stock values leading to more charitable giving that could, at least partially, offset any potential decline in giving resulting from the new tax policy.”

– 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/>



1

<6

G

Gratitude

24h, 7x, 4/15

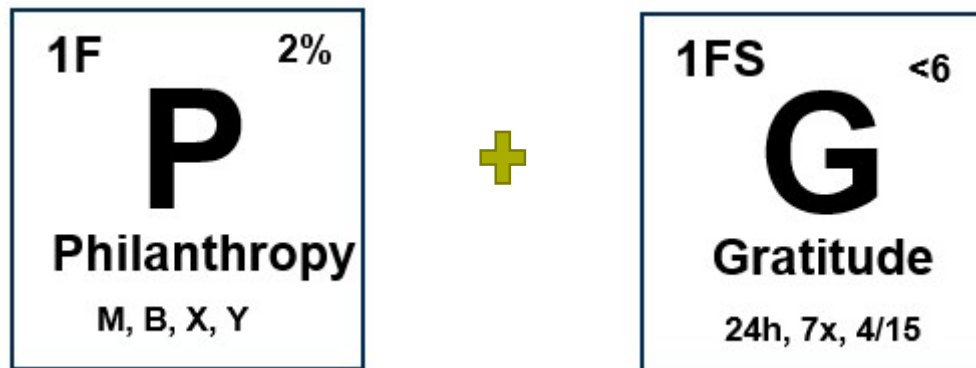
How to increase:

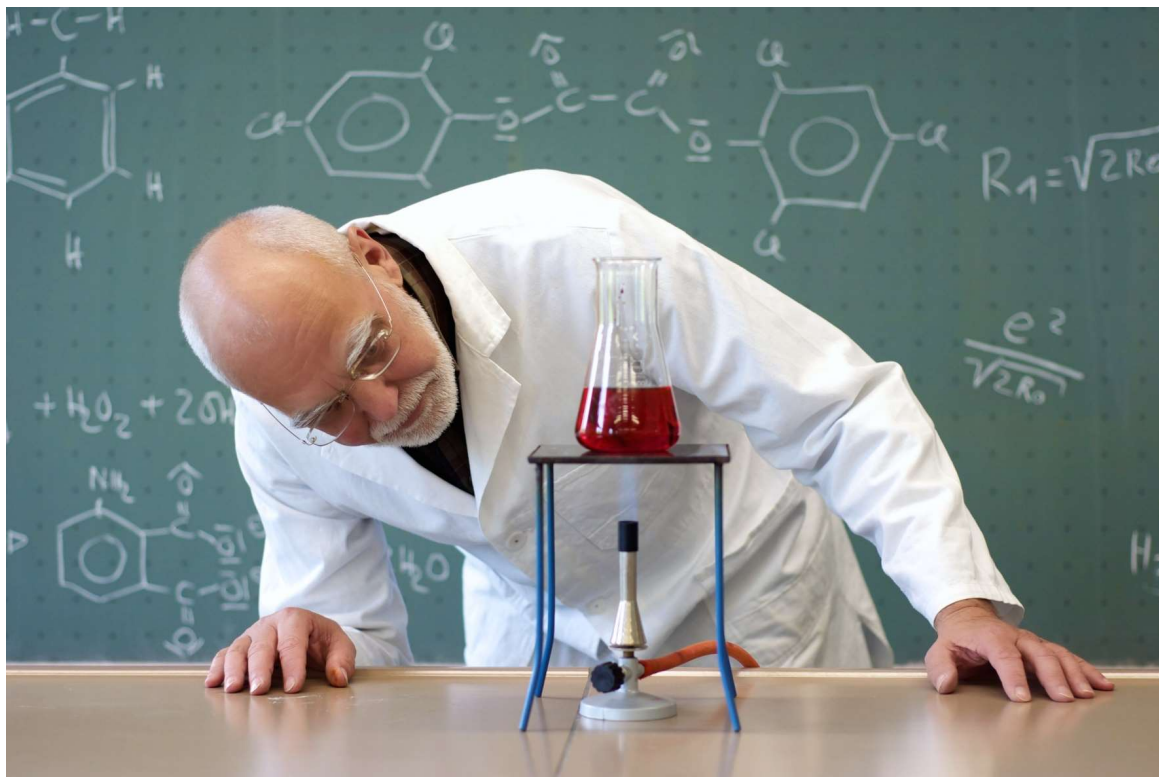
1. Thank donors promptly, often and through multiple channels.
2. Offer hard and “soft” rewards.

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.





B

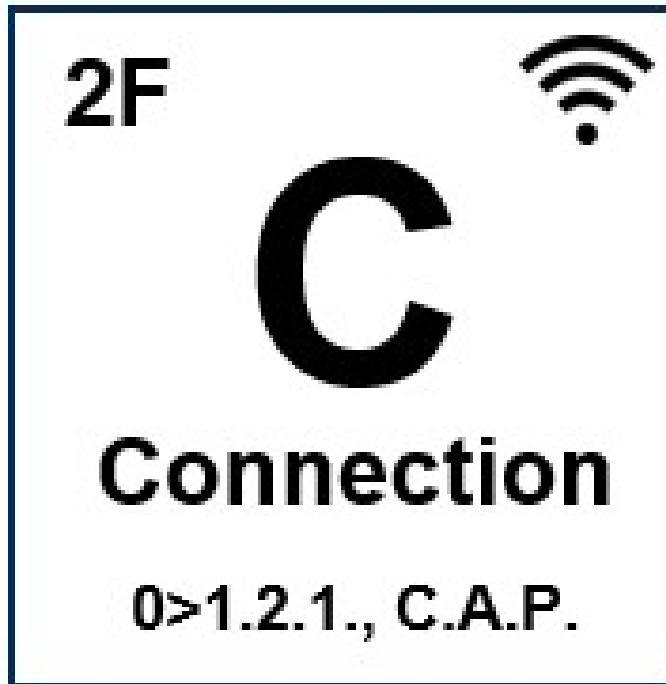
2F 

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.”



**CAUSE
ASKER
PEERS
PICTURES
LIKE YOU?**



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

Do you identify with the scholarship recipient?

Connection to the **Cause**:

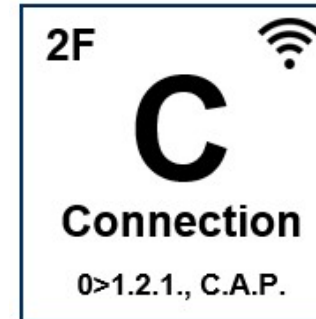
Does this donor care about us or this giving area in particular?

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?”



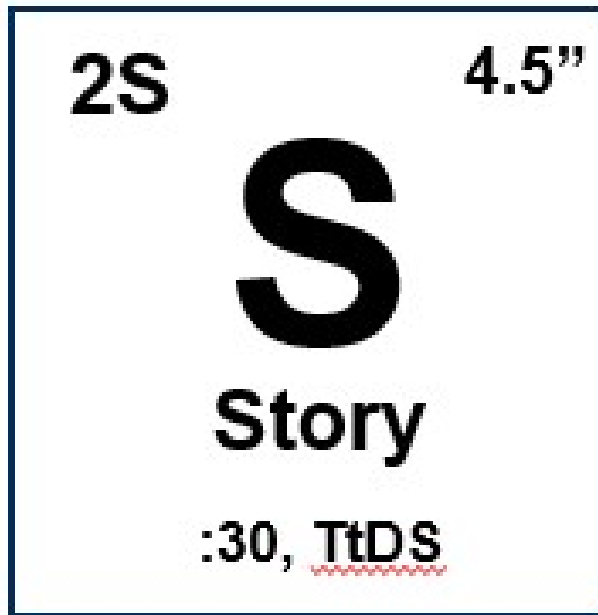
2S 4.5"

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.



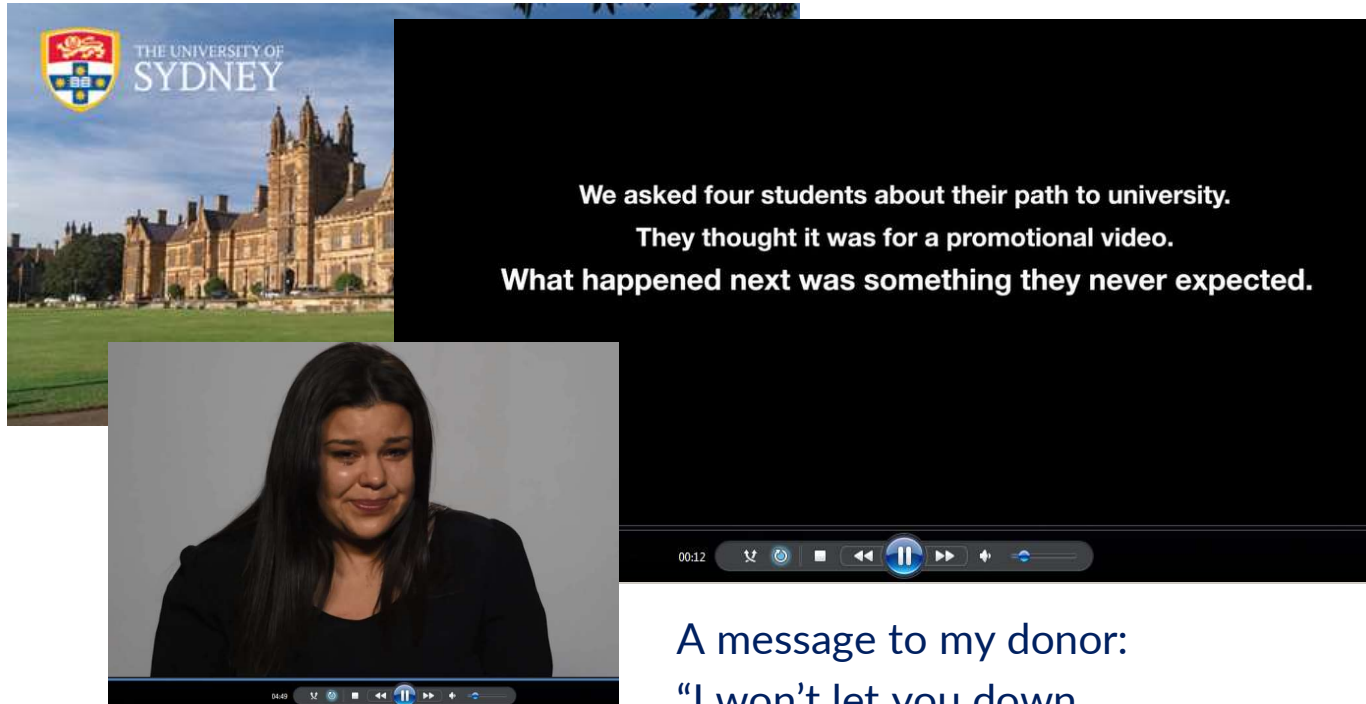
ORG STORY

FRAMING

**THE DONOR'S
STORY**

IMPACT

VOLUNTEERS



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

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

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

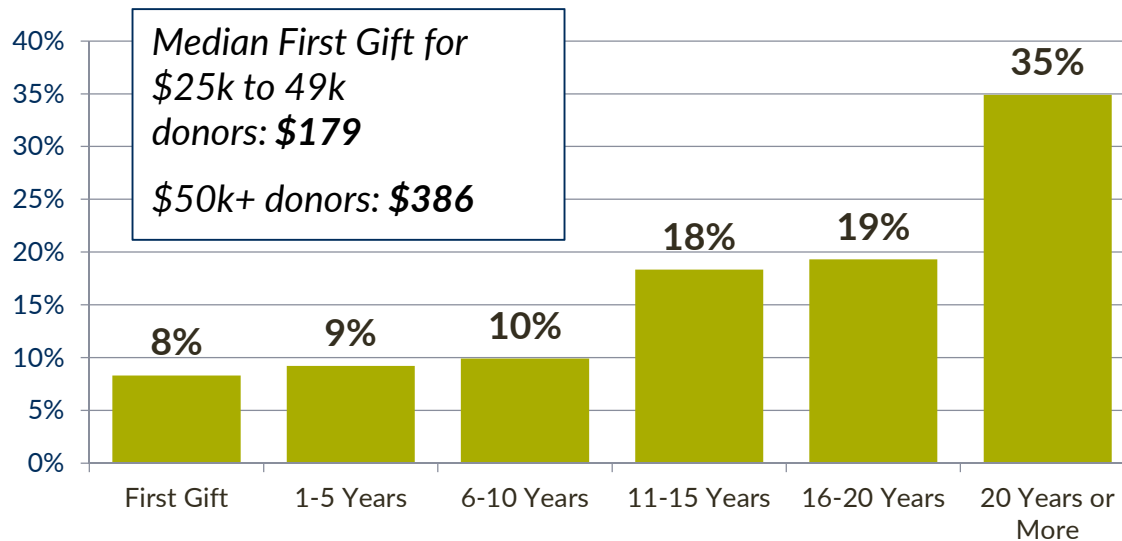
Once you have decided that storytelling is a priority at your organization, make sure everyone—from those in the mail room to the board room—is mindful of this goal and listens for new stories. “Everyone here knows we want stories,” says Connie French, director of communications and marketing for Health 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 manager for Consumers Union, the consumer protection charity. “Some

Tell
the
Donor's
Story!

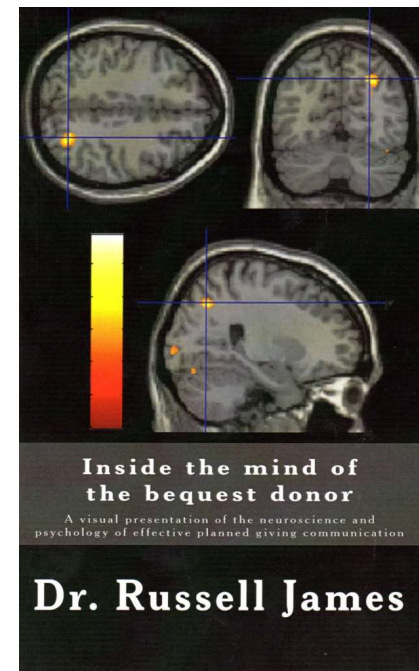
Time to reach \$25,000 Gift Level



Percentage of Donors, Years Given Prior to \$25,000

Average Results from Analysis of 8 institutions, 4 public and 4 private, weighted by number of donors.

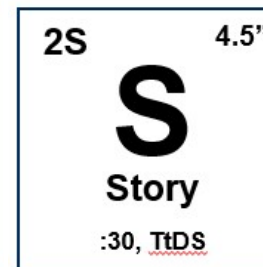
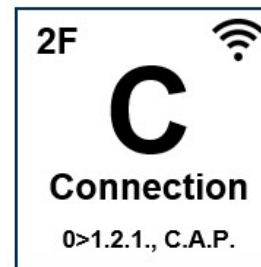
- 80% of planned givers have given annually.
- Dr. Russell James (Texas Tech): fMRI brain scan of subjects asked to contemplate giving, volunteer, and bequest decisions.
- Bequest decisions: activate the **brain areas associated with mortality.**
- Bequests decisions are **First Person** rather than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

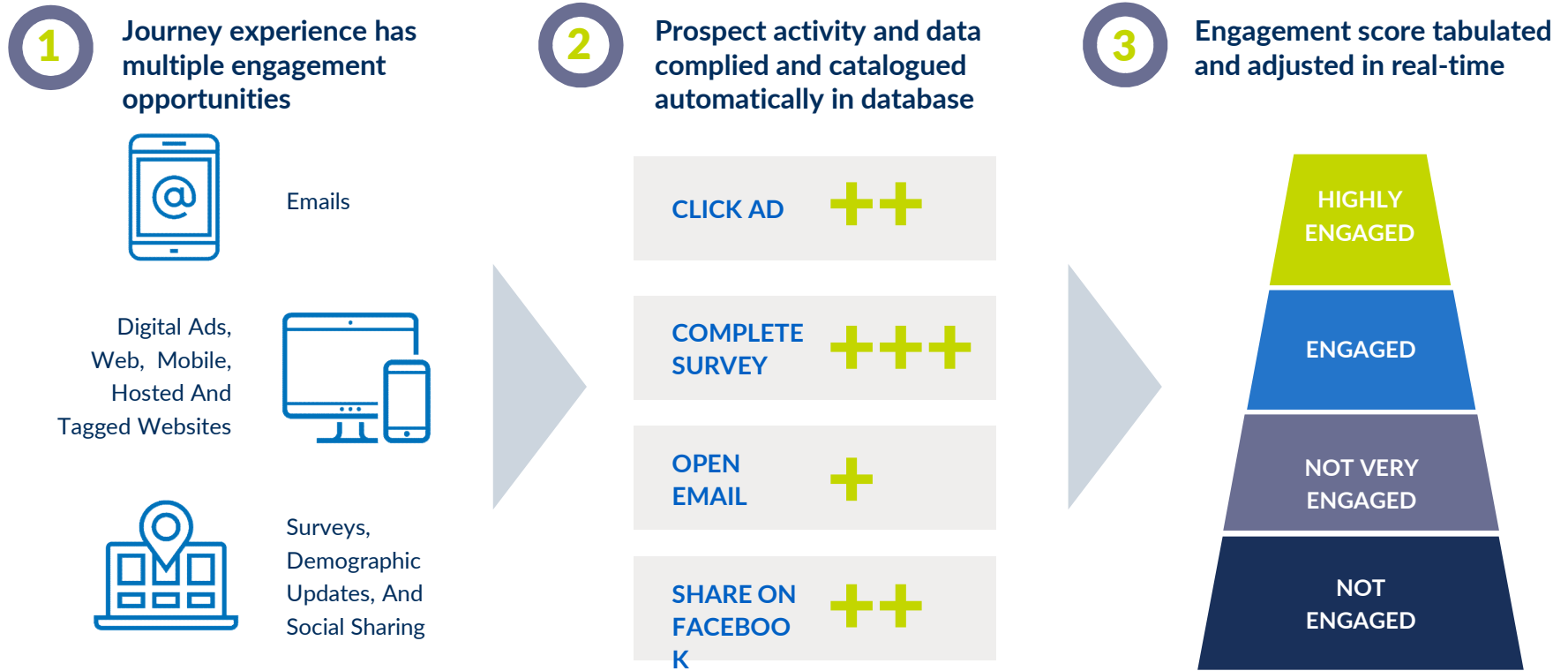


Millennial Cause Motivation

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

-Derrick Feldmann
The Millennial Impact Project
themillennialimpact.com





Engagement Scoring

INFLUENCING: (1-4 Points)

- Open an email
- Click digital ad
- Click through item in email

IMPORTANT: (5-9 Points)

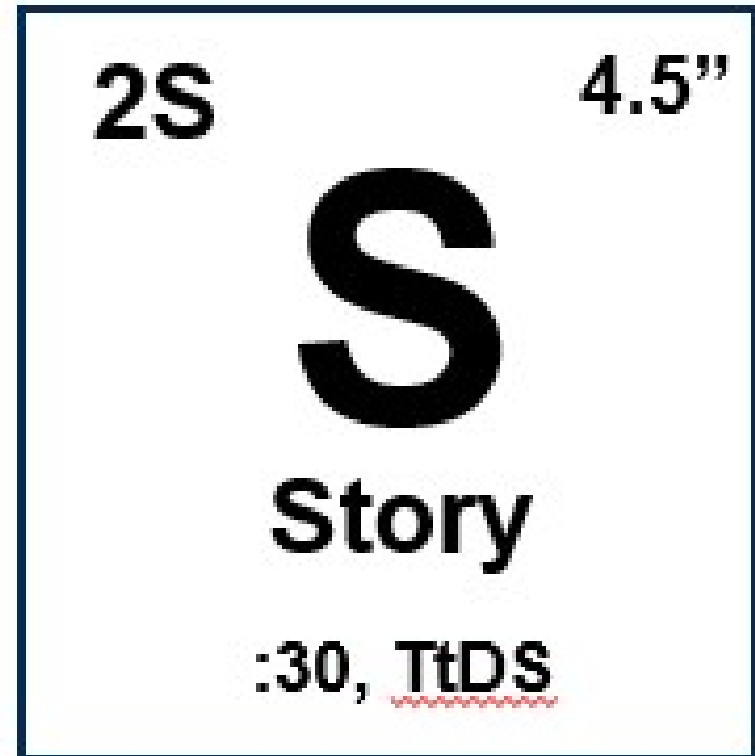
- Forward an email
- Share content via social media
- Visit a landing page

CRITICAL: (10+ Points)

- Complete a survey
- Update demographic information
- Make a gift



**HIGHLY
ENGAGED**



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.”

2F **x2**

U

Urgency

1d, 6/30, 12/31

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

WHY

GIVE

NOW?

CONSTANT STORY
OF IMPACT

SOCIAL
CONNECTION

TIME-SENSITIVE
OPPORTUNITIES



MOTIVATE FENCE SITTERS

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.



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

Raw Materials X Accelerants

1 ^{2%}
P
Philanthropy
M, B, X, Y

1 ^{<6}
G
Gratitude
24h, 7x, 4/15

2 [📶]
C
Connection
<6°, C, A, P

2 ^{4.5"}
S
Story
:30, 1.2.1

2 ^{x2}
U
Urgency
1d, 6/30, 12/31



3F **≠ U**

B

Barriers

3:58, 65%, <2c

“The friction for giving offered by needed donor choices, limits to giving vehicles and potential slowness of donation completion.”

3F **≠ U**

B

Barriers

3:58, 65%, <2c

**BAD GIVING
PAGES**

CLICKS

DECISIONS

**SINGLE
VEHICLE**

- 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/> (Nielsen Norman Group Study)*

Are you
creating
custom giving
pages?

**RNL EVERGREEN CUSTOM
GIVING PAGE PERFORMANCE**

RNL Evergreen pages created	444
Total giving	\$10,517,080
Average campaign duration	81 DAYS
Average campaign total	\$12,454
Average number of online gifts	52
Average online amount	\$6,983
Average online gift	\$177

RNL Crowdfunding Index 2018

Raw Materials

X

Accelerants

Friction

1 ^{2%}
P
Philanthropy
M, B, X, Y

1 ^{<6}
G
Gratitude
24h, 7x, 4/15

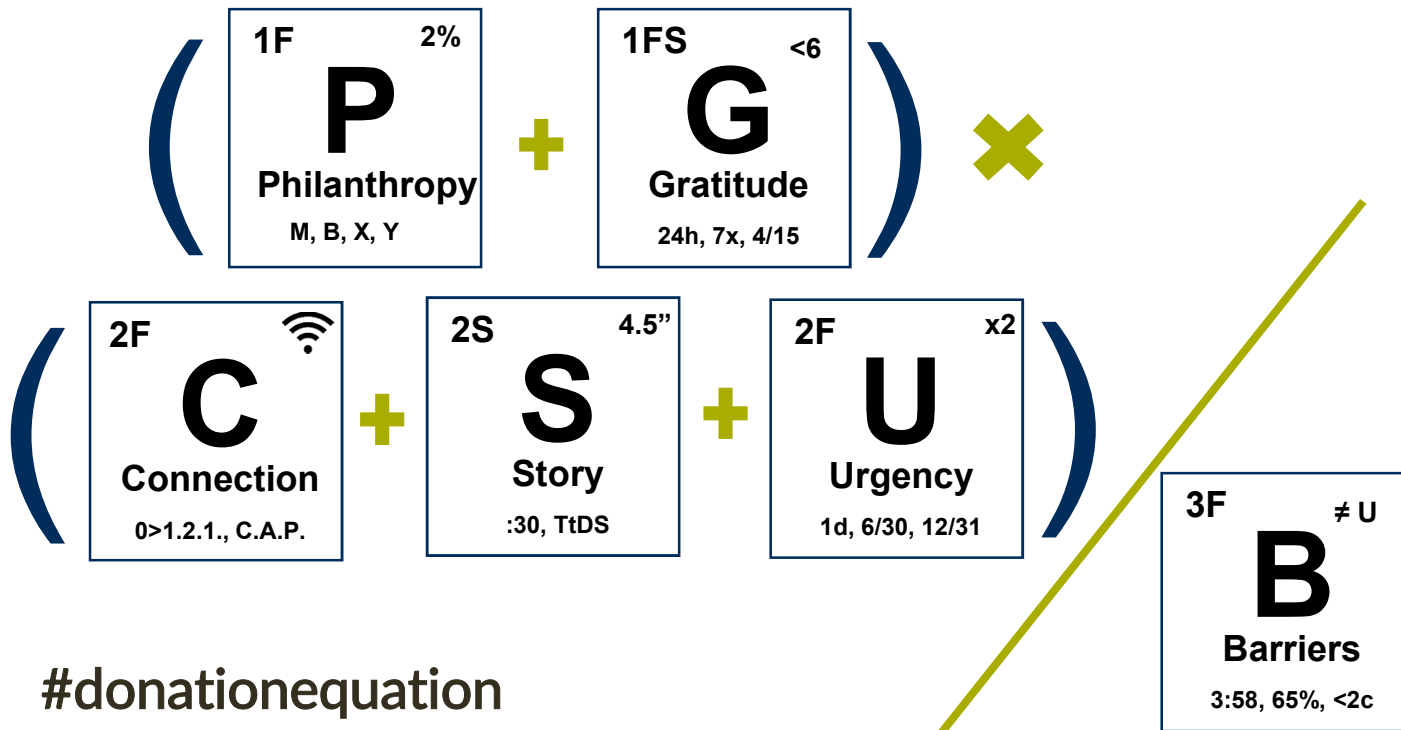
2 ^{WiFi}
C
Connection
<6°, 1.2.1., C.A.P.

2 ^{4.5}
S
Story
:30, TtDS

2 ^{x2}
U
Urgency
1d, 6/30, 12/31

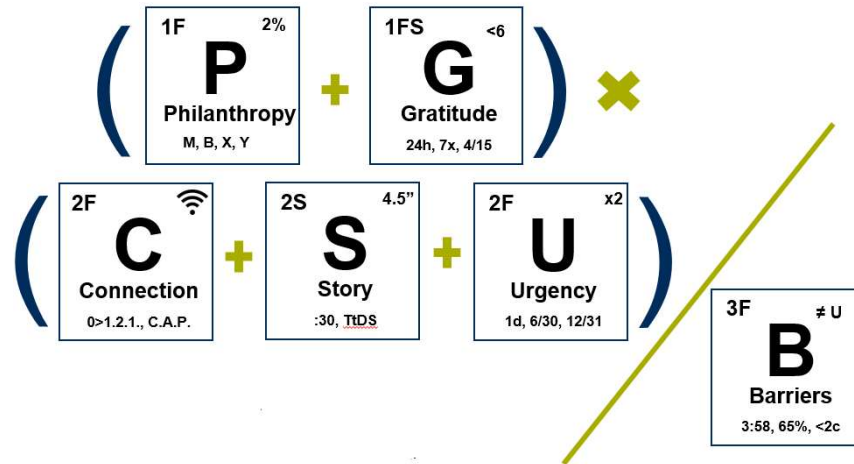
3 ^{≠ U}
B
Barriers
3:58, 65%, <2c





#donationequation
donationequation.com

SO, LET'S TRY IT OUT!



ICE BUCKET CHALLENGE

Strengths: Connection, Urgency, then later, Story

Big strength:
Links an **action** to a **donation**.

Viral and Networked.



#donationequation



Thank you for the outpouring of support.

#ALSIceBucketChallenge



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



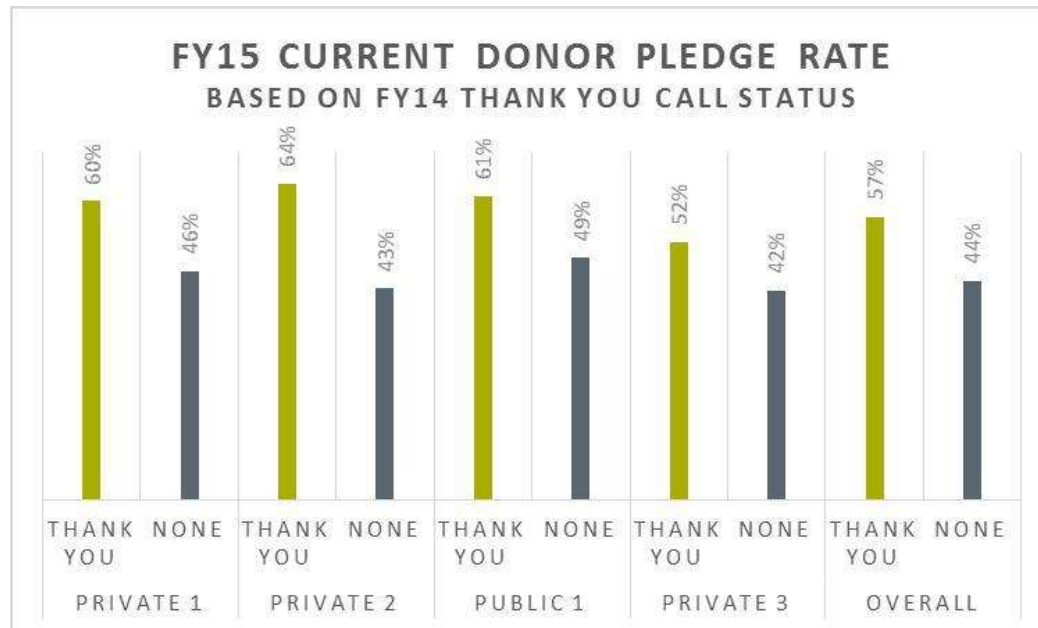
To you, from fellow Knox Alumni

Jane and John Alumni		Date <u>June 30, 2014</u>
Pay to the order of <u>Knox Student</u>	\$	2,962.37
<u>Two Thousand Nine Hundred Sixty Two and 37/100</u>		Dollars
Memo <u>Veritas</u>	<u>Jane Alumni</u>	

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

Impact of Thank You Calls

They say yes more



1FS <6

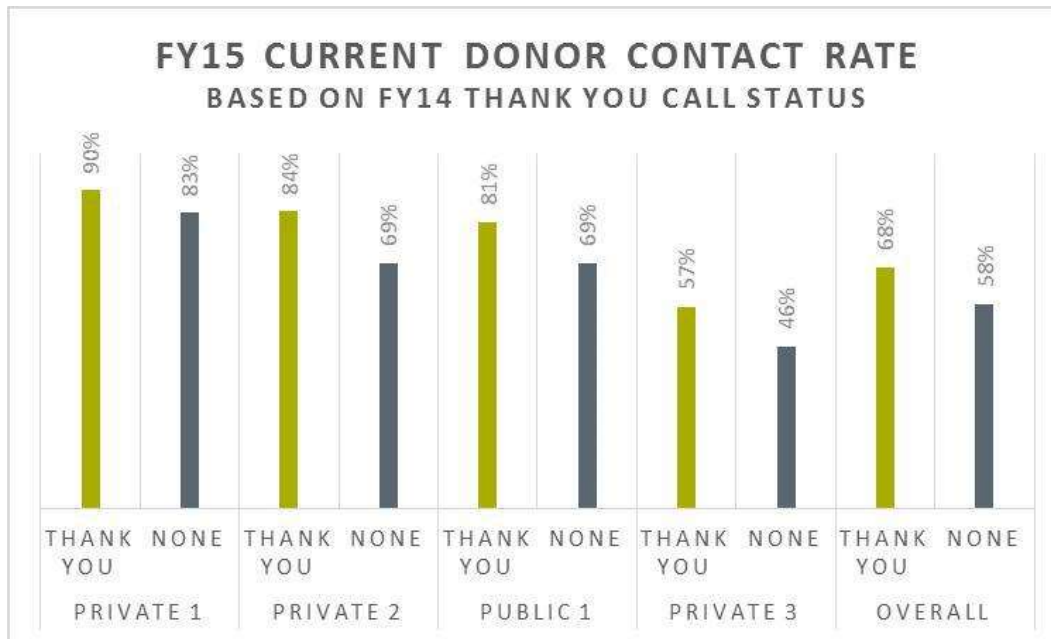
G

Gratitude

24h, 7x, 4/15

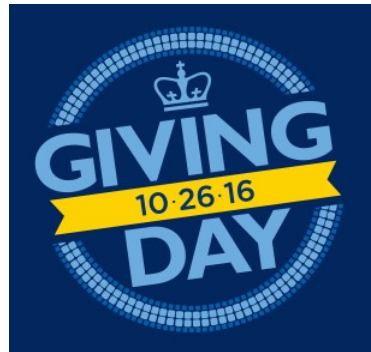
Impact of Thank You Calls

They even pick up more



51%

Total boost to pledge rate for thank you calls



#donationequation





- 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.

Accelerate Research for a Cancer-Free World!

\$124,166 74%

Raised toward our \$165,000 Goal
1,056 Donors

0 DAYS LEFT
Project ends on December 31, at 11:59 PM PST

> Project Owners

Share to Maximize IMPACT

Share Share Share

Give Today

Description Updates (1) Donor Wall

Accelerate Research for a Cancer-Free World!

Cancer affects nearly all of us in some way. You may have a personal story about your own fight against cancer, or know how this devastating disease has touched a loved one, family member or friend. **YOU** can make a difference by helping fund creative and bold ideas that change the way we fight cancer. The UCSF Helen Diller Family Comprehensive Cancer Center Annual Fund is the most promising cancer research and care in the world. Join us, donate today

Levels Choose a giving level

\$25 Supporter

Integrate care, compassion, science and discovery into a singular focus... a revolution in health care


Contribute \$25

#donationequation

P G C S U B

Key Questions:

- 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?

2F 

C

Connection

0>1.2.1., C.A.P.

2S 4.5"

S

Story

:30, TtDS

2F x2

U

Urgency

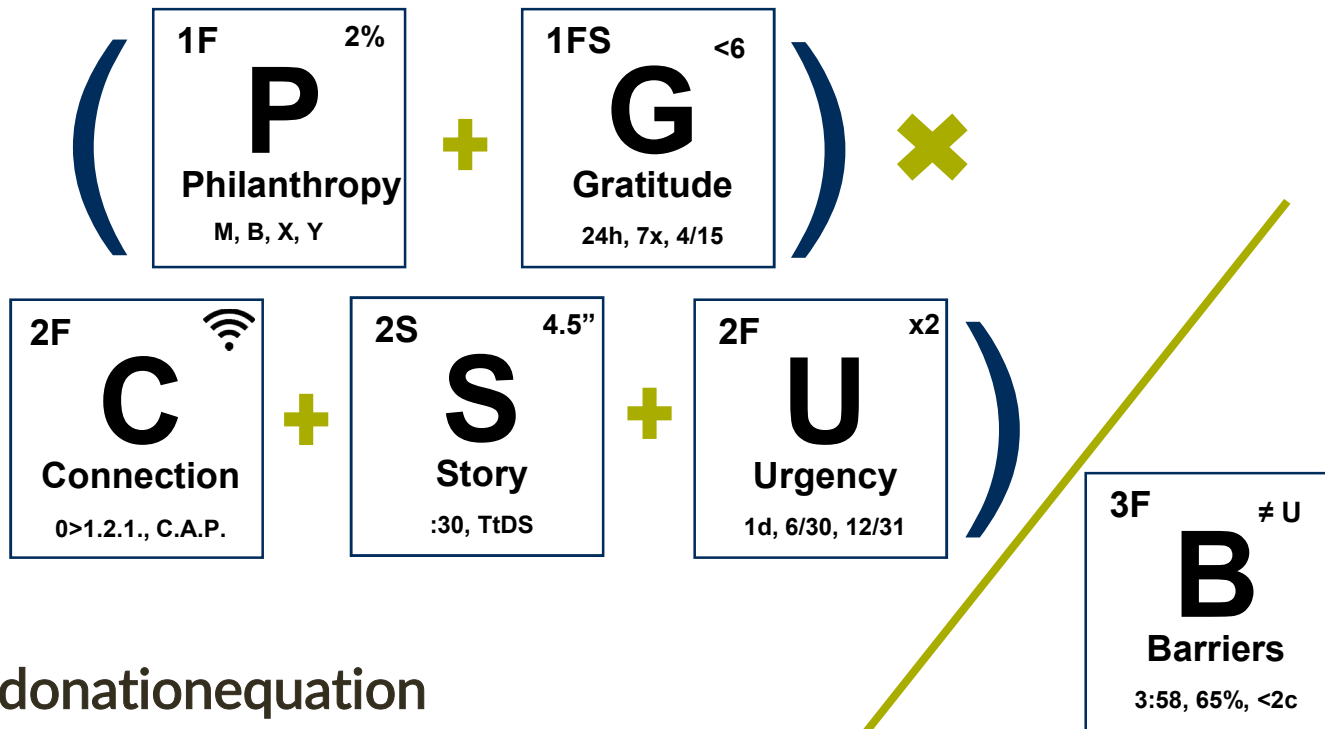
1d, 6/30, 12/31

3F ≠ U

B

Barriers

3:58, 65%, <2c



#donationequation
donationequation.com

Donors give when asked...

Philanthropy

by the right person...

Connection

for the right thing...

Story + Connection

at the right time...

Urgency

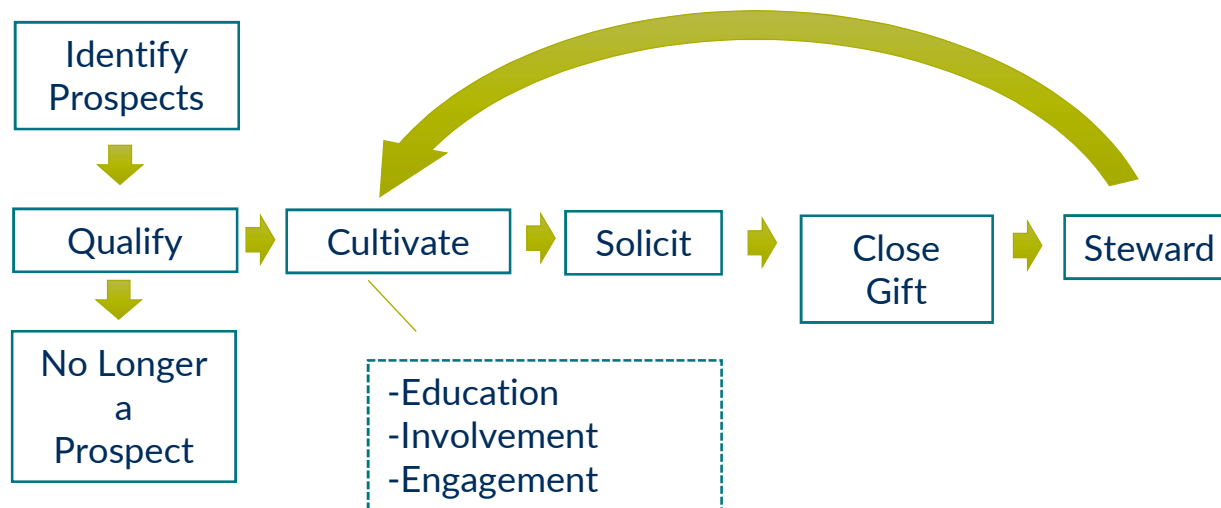
for the right amount.

Philanthropy + Barriers

(after being thanked)

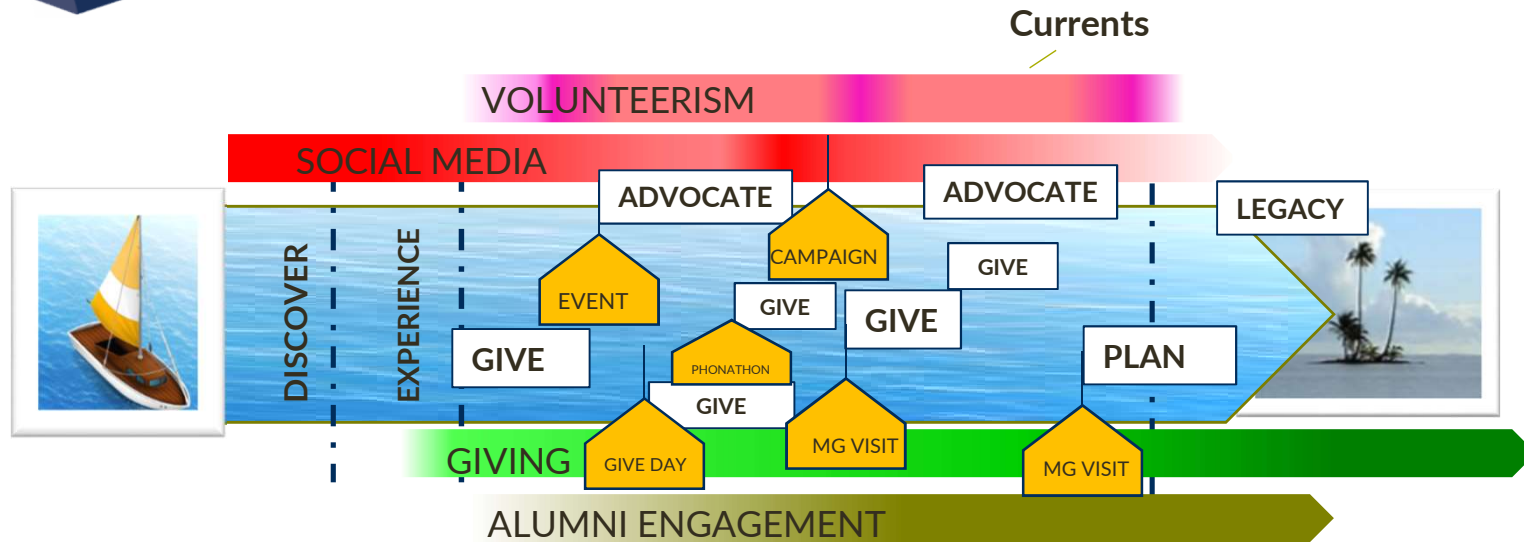
Gratitude

TRADITIONAL DONOR CYCLE (MOVES MANAGEMENT)



Hey, you promised a boat.



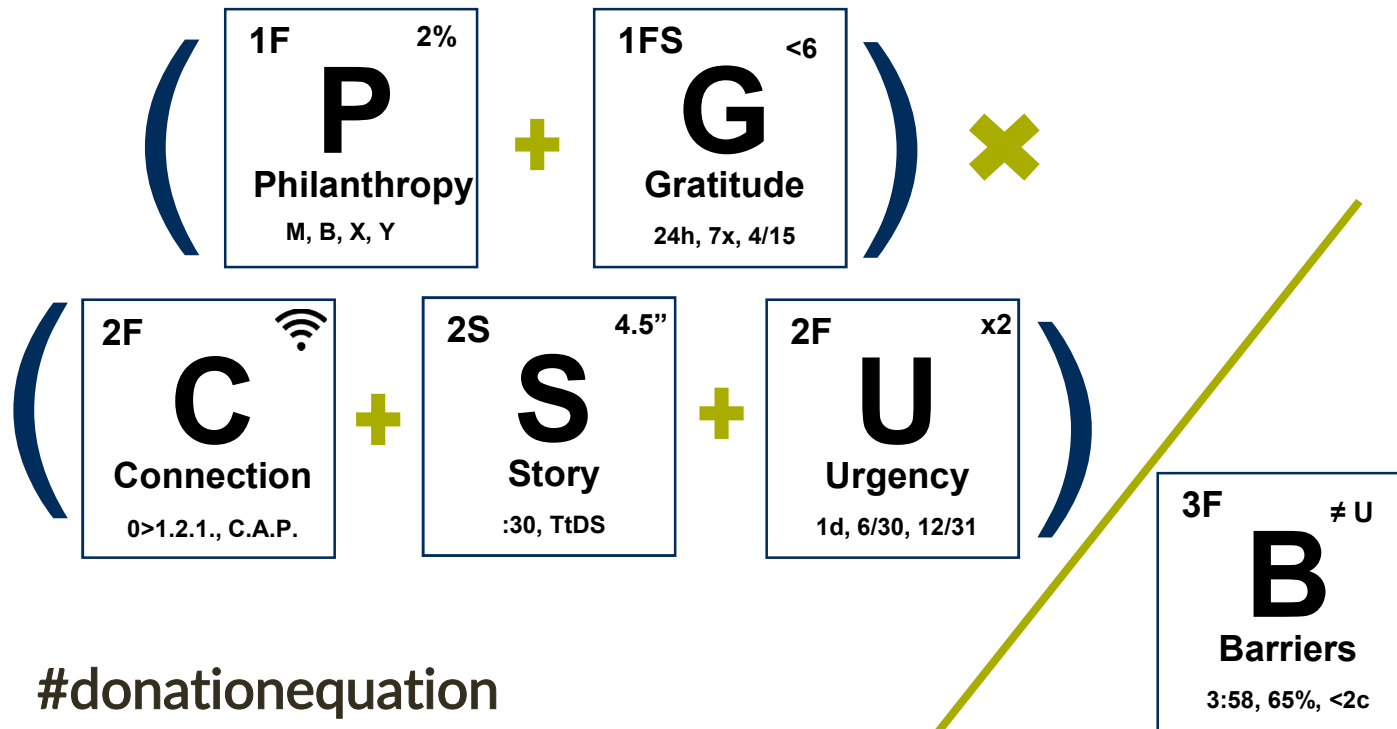


Lifetime Engagement

Think: Currents and Pushes
Everyone Participates
And the Donor Drives boat...
A personal journey.

LIKE → GIVE

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donationequation.com