Engaging and Retaining Donors through Acknowledgement, Recognition, and Reporting

CASE VII
Seismic Shifts | Reinventing Ourselves, Reshaping Advancement
March 2, 2013

Nancy Lubich McKinney
Director, Donor Stewardship
UC Berkeley
Our Conversation

Our Work

• Acknowledgement
• Recognition
• Reporting
• Total Donor Experience

Themes

• Donor Love
• Scale
• Best Practices
• Trends
Donor Relations

*Donor relations* is the comprehensive effort of any nonprofit that seeks philanthropic support to ensure that donors experience high-quality interactions with the organization that foster long-term engagement and investment.

This effort is commonly thought to have four elements:

- Gift acceptance and management
- Gift acknowledgement
- Donor recognition
- Impact reporting

— Association of Donor Relations Professionals, 2010
Stewardship may not be your #1 priority, but you can bet it’s the #1 priority for your donors.

— Josh Birkholtz
Why?

- Donors want to know the gift was received ... was set to work as intended ... is having the desired effect
  - 46% stop giving because of a lack of meaningful information or a feeling that the gift is not appreciated
  - 84% dissatisfied with the quality of information received
  - 93% would definitely or probably give again if given meaningful information on their gifts at work
    - *Donor Centered Fundraising*, Penelope Burk

- It’s the right thing to do
  - It’s our fiduciary responsibility

- It’s the necessary thing to do
  - It’s vital to the next gift
What?

• Gift Acknowledgement
  • Confirming receipt and tax deductibility
  • Expressing gratitude

• Donor Recognition
  • Giving societies and honor rolls
  • Namings
  • Publicity
  • Events

• Impact reporting
  • Qualitative
  • Quantitative
Donor Love

Think of each key message as an arrow you can shoot into a heart…

– Tom Ahern

Creating deeper connections…inspiring philanthropy…by expressing gratitude and appreciation
Donors Want...

• ...to feel loved
• ...to feel needed
• ...to feel that they matter
• ...to feel like they belong
• ...to feel remembered

Are you creating emotional triggers that give donors what they want?
Acknowledgement

- Receipts vs. thank you letters
- Commensurate with the amount of the gift
- Commensurate with the recognition the donor will receive
- Commensurate with the giving channel
- Do you know where your gaps are?
Go Bear!
Mr. Kuroda,
Thank you so much for helping the university! Your gift truly makes a difference in all of our educational lives. Thank you for making a difference.

Jennifer
Casasola

Mr. Makoto Kuroda
3418 Belgrave Cir.
San Jose, CA 95118

THANK YOU!!
Dear Mr. Wang,
As a student here at UC, I would like to personally thank you for your donation to the Cal Parents' Fund, which supports many vital programs for students like myself and your son. It is always wonderful to see parents getting involved in the Cal Community. GO BEARS! Blake Casacci
Mc Jin Wang
7475 Plum Blossom Ave.
Cupertino, CA 95014

THANK YOU!!
Dear Dr. McMahon,
As a student here at UC, I would like to personally thank you for your donation to the College of Engineering's Annual Fund, which supports many important areas such as faculty retention and student financial aid. Alumni like you keep the University strong. GO BEARS!
Blake Casacce

Dear Mr. Shin,
Thank you so much for supporting the International House at UC Berkeley. Your support goes a long way for our students. We look forward to your continued support and go bears!
Sincerely,
Michael He
(Dep. Chair)

Dear Mr. Okita,
Thank you so much for supporting the International House at UC Berkeley. Your support goes a long way for our students. We look forward to your continued support and go bears!
Sincerely,
Michael He
(Dep. Chair)

Mr. Takahisa Okita
21-111 Fukuoka Shi, Kyule Kuregawa 242
Japan

Dear Mr. Tais Chen,
I just want to thank you for your gift to the Parents Fund. Your daughter, as well as other students, will appreciate it as well. We hope to see you at Parents Weekend! GO BEARS!

Mr. Tais Chen
13098 Balmoral, CA 91363

Mr. Andrew Tais Chen
13098 Balmoral, CA 91363

Thank you for your contribution to the Cal Parent's Fund. It is because of generous families like yourselves that we are able to have the best experience here! GO BEARS!

Sarah

Mr. Xuereb
5815 Brown Ave.
Scottsdale, AZ 85251
Infographics
Retro With A Twist

• Miss Manners' heart might have skipped a beat recently. Handwritten thank-you notes are apparently in vogue at the UC Berkeley's Haas School of Business...

• The school maintains that student fees fund only half the cost of running programs, with donations footing the bill for about a third of the remaining expenses. If Haas relied solely on student fees...The school says it would have to shut down in December.

– San Francisco Chronicle, February 10, 2013
Messages

• Our donors make astonishing advances possible.
  – UC Berkeley annual fund solicitation opening statement

• You make the difference.
  – P3, UC Santa Cruz report on philanthropy

• I am grateful to conclude my tenure with confidence that, thanks to you, Berkeley is poised for a bright and successful future.
  – UC Berkeley Chancellorial acknowledgement letter
Recognition and Reporting

• Recognition
  • Do I matter?
  • Am I important?
  • Are you addressing me personally and authentically?

• Reporting
  • Did you use my donation as intended?
  • What did you do with my money? What did it accomplish?

• What else can I do that will feel good?
  • Engage as a speaker
  • Peer-to-peer solicitation
  • Read scholarship applications
Communications

• Engage in storytelling
• Capture and collect stories about the joy of giving...
  • How great giving feels
  • How donors make a difference
  • How much donors mean to our faculty and students
• Identify opportunities to engage donors in storytelling
Charles Huang ’93 had a good feeling about Guitar Hero, the music video game he and his brother developed in 2005. In fact, Charles was so confident in its potential that he took out a second mortgage on his home to launch it. “I think the game will sell,” Charles reassured his wife, Lillian Qian. Charles’s instincts proved correct: Guitar Hero was an instant sensation. The interactive game, which enables users to simulate the experience of being a rock star while playing a guitar-shaped controller, captured rave reviews and achieved a record-breaking $1 billion in North American retail sales in just 18 months.

Charles majored in economics and Asian studies at UC Berkeley and spent a transformative year studying in Beijing. He originally aspired to become a professor of Chinese history, but his life took a different course when he and his brother Kai ’94 formed RedOctane, a company that introduced the first online video game rental service. Spurred by the popularity of music video games in Japan, the brothers concluded there was a market for similar products in North America and created the series of Guitar Hero games. “We didn’t know how successful it would be, but we knew we had a successful product that people would pay for,” Charles recalls.

In 2006, Charles and Kai were named among the 50 top producers in new media by the Producers Guild of America New Media Council.

Charles and Lillian live in the Silicon Valley with their two school-aged daughters.
LOOK AT THE SPOT YOU PUT US IN.

Your support is keeping us on top.

Remember your pledge to a student caller? That online gift to your school or college? The scholarship you supported? The contribution to your reunion campaign? Or your donation to Cal’s student athletes?

Well, those gifts — both large and small — are doing a wonderful job.

With state funding providing just 10 percent of Berkeley’s budget, your contributions are more important than ever.

You are keeping access and excellence alive. Supporting our renowned professors, offering opportunities for students regardless of their means, and maintaining the highest standards of teaching, research, and public service.

If it weren’t for you, Berkeley wouldn’t be in this position.

Berkeley has taught me that students from inner-city can make it.

Richard Williams '12

FUELING CAL’S FUTURE THROUGH PHILANTHROPY

The Campaign for Berkeley is advancing our University’s preeminence.

To reach our $3-billion goal, we need to raise $660 million by the end of 2013.

Every gift — from $200 to The Cal Fund to $50,000 to set up a scholarship — makes an enormous difference.
Annual Giving

• The **Annual Fund** is a place where money goes before it’s spent on something important in the very near future.
  • In philanthropic cultures, it’s often viewed as a symbol of what the organization values most.
  • When described as a priority, it should always be capitalized.
• **Annual Giving**, on the other hand, is a behavior.
  • In philanthropic cultures, it’s viewed as an expectation and its importance is widely understood.
  • When the math is done right, it provides an organization with an amount of support that can reasonably be expected from its community year-in and year-out. And while it doesn’t need to be capitalized, it does always need to be talked about.

  – Dan Alleby
Recognition and Reporting

• Recognition
  • What behaviors are you trying to reward?
  • Are some dollars worth more than others?
  • Will honor rolls become retro?

• Reporting
  • Language
  • Clarity
  • Brevity
Thanks to you...

Annual Report of Philanthropy
2011–12
Events

- Check-in tables
- Student volunteers
- Faculty
- Presenters
- Tour guides
- Honor roll displays
- Printed program
Dear John,

Thank you for supporting my work and that of so many others here at CIL -

[Signature]

John H. Gross Professor of Political Science

Thank you for your vision and generosity.

Ronald W. Young.
(ABS Endowed Chair in Ocean Engineering)
Thank you Mr. Li!

謝謝！
Assessing Your Program

- Your Acknowledgement Program
  - Which gifts from which donors?
  - By whom?

- Your Recognition Program
  - Annual vs. cumulative vs. planned giving?
  - Current use vs. endowment vs. capital?
  - Cash vs. pledges?

- Your Reporting Program
  - Qualitative and quantitative?
Small Shops

• No issues of role clarity...everything is your job!
• There are no priorities...everything is due today!

• What does your constituency expect?
• What does your culture presume?
Challenges of Scale

• Population not considered in program design
  • Decision-makers will not themselves have to maintain the program over multiple cycles
• Program design has multiple “pieces”
  • Tiers in giving societies
  • Inserts for a packet mailed to donors
  • Things that donors have to retain from year-to-year
• Technology tools don’t meet business needs
• Program elements are “re-purposed” for use with a larger audience
Prevailing Over Scale

- Always assume that your program will grow
  - Set realistic expectations
- Re-engineer programs!
  - Streamline giving societies (fewer tiers, eliminate overlap)
  - Simplify mailings (fewer inserts, window envelopes)
  - Everything should be self-contained
- Be persistent about shortcomings in technology tools
- Advocate for the donor to ensure repurposing is appropriate
Challenges of Decentralization

- Institutionalizing stewardship
  - Making it part of everyone’s job while making it transparent to the donor
- Communication and information
  - Silos
- Program “overlap” and “overlay”
  - Overlap: same basic activity at same level of giving
  - Overlay: same basic activity at higher level of giving
- Multi-interest donors ... who “owns” the donor?
Prevailing Over Decentralization

• Keep everyone involved
  • Confine programmatic stewardship to the “center” and relationship stewardship to the “units”
• Technology tools to support communication and contact reporting
  • Contact reports
  • Common platform
  • Relationship management tools
  • Document imaging tools
• Rationalize “overlap” and “overlay”
  • Use donor feedback to substantiate the changes
• The donor “owns” the donor!
Programmatic Stewardship

• On behalf of the “CEO”
  • Agnostic vis-à-vis “unit” and fund designation
  • Integrated with the CEO’s other relationship-building activities
  • Consistent with the CEO’s messaging and style of communication

• Telling the story of philanthropy ... “founders” or “builders”
  • Provides sense of continuity and belonging
  • Requires institutional memory
  • Opportunity to highlight multi-generational and extended family support
Programmatic Stewardship

• What service does the “center” provide to the units?
  • Particularly important when the units are not obligated to participate; issue of organization-wide culture

• Basic level of stewardship
  • Receipting + “CEO” messaging
  • First-time donors
  • Organization-wide annual giving society
  • Organization-wide lifetime giving recognition
  • Organization-wide deferred giving recognition
  • Endowment stewardship
  • Development communication vehicles
Innovation

• Innovation ≠ technology
  • It’s a mindset and a set of capabilities that create and foster an innovative environment
    - Steve Tadelis

• Look outside our industry for solutions that challenge the dominant paradigm
  • Outsourcing
  • Mass-customization
  • Print-on-demand

• Honor the strategic vision for information technology, but work outside of it if waiting means passing-up an opportunity to take your program to a new level
  • Combine and manipulate data outside of the advancement database environment
Mass-Customization

- Endowment Financial Report
  - 2,200/year (2,400 funds → 3,300 fund statements)
- Personalized Annual Giving Report
  - 2,600/year
Mass-Customization

- Network
  - Advancement Operations
  - Vendor
    - Variable print
    - Campus units
- Strategies
  - Fulfillment
  - Data
    - Source
    - File Architecture
- Delivery
  - Review
  - Contact Reports
Secure Donor Portals

- Few have fully developed portals
- Installed portals
  - Giving histories
  - Endowment reports
  - Online honor rolls
  - Custom homepages
  - Integrated with alumni community
- Partial solutions
  - Endowments only
  - Online giving
  - Recognition society
  - Volunteer management
Total Donor Experience

- Phone skills
- Solicitations
- Pledge reminders
- Fund set-up
- Flow-of-funds to benefitting department
- Matching funds – corporate and challenges
- Payout instructions
- Accumulated payout and unexpended current use funds
- Pending designation
Closing Thoughts

• What are you trying to achieve and how will you know when you’ve achieved it?
• What is a good cultural fit for your institution?
• What is realistic for your institution?
  • Trade-off between scale and scope
• Skills:
  • Multi-disciplinary and multi-tasking
  • Collaboration and influence management
  • Writing / creative ↔ project and process design / management
• If the stewardship position or team is new
  • Support of leadership will be necessary
  • It may evolve into something other than what you had originally envisioned
Questions?

• Thank You!

Nancy Lubich McKinney
Director, Donor Stewardship
UC Berkeley
nlmckinney@berkeley.edu
510-643-7664

Association of Donor Relations Professionals
www.adrp.net