

Gain a competitive advantage in fundraising

New tools for donor relations and
stewardship can put you at the forefront



The landscape of nonprofit philanthropy is evolving rapidly. Between 2000 and 2010 the number of registered nonprofits in the United States grew by 24 percent.¹ Today there are more than 1.5 million tax-exempt organizations competing for donor dollars² and health care makes up one of the largest nonprofit sectors, employing 57 percent of the nonprofit workforce.³ In this increasingly competitive marketplace, the way that we approach donors and manage our relationships with them is more important than ever.



Fortunately, an array of new tools and strategic trends has the potential to transform our donor relations and stewardship. As development professionals representing three diverse areas—health care, higher education and the conservation of our natural world—we have collaborated to explore some of these forward-thinking options, as well as some best practices and “next practices” that are driving stronger donor relationships. We hope that by providing ideas from not only health care philanthropy but other sectors, including for-profit, we can help you gain a competitive edge in your fundraising going forward.

Externally and internally focused trends and tools

A major shift in the culture of philanthropy has occurred over the last few years; more than ever before, we view the development process from the perspective of our donors.

One widely used approach, donor-centered fundraising,⁴ fulfills several essential requirements for inspiring donor enthusiasm and loyalty. These include:

- Giving donors prompt and meaningful acknowledgment of a gift.
- Having donations directed to a specific program or initiative that resonates with them.
- Sharing the impact of the gift before asking for another.

With this philosophy of donor relations in mind, innovative organizations are investigating thoughtful, creative ways to help donors navigate the giving process and have a more satisfying experience overall. The examples we cover in this article fall into two categories—and for organizations to thrive, they must devote resources to both.

1. We call the first category *externally (donor) focused* trends, which include the use of new technologies, secure donor portals and experiential engagement

opportunities. However, at the same time that nonprofits are striving to deliver robust, appealing, interactive experiences for their donors (and perhaps creating even more competition for donor dollars with their creativity), health care organizations are dealing with an ever-increasing demand for services.⁵ To support these enhanced programs, they need a strong and loyal donor base.

2. Thus the importance of category two. *Internally focused* tools are those that help development professionals enhance their donor relations and stewardship methods. Some examples we discuss include new systems for better project management and the use of data-driven strategies.

Using technology in new ways

In an America's Charities Snapshot report based on discussions with 240 nonprofits nationwide, more than 90 percent said that in the last few years new technologies have allowed them to feature more data, deliver information more quickly and communicate better with donors.⁶ We've observed that technology is changing our donors' expectations, too—they are looking for the same instant access to substantive information that we receive in our constantly connected lives. E-commerce has transformed the online giving experience as donors become accustomed to multilevel transactions; for example, they can make a gift, plus register for an event or purchase a membership. And perhaps due to the popularity of crowd-funding platforms, they also expect to be able to direct gifts at any level to the work they find most meaningful and fulfilling. It's

important to keep these expectations in mind as we use new technology to update our online giving processes.

In addition, technology is changing the ways in which we can engage with donors. We have sophisticated interactive graphics on our websites that allow visitors to explore a huge range of information with a few clicks. And organizations have the capacity to use multisensory tools, including video, virtual reality simulations and physical recognition displays. One example is the donor recognition system at St. Clair Hospital in Lebanon, Pa., which features both donor names and donor stories in video format (view at www.bit.ly/2nx0NJ6).

Other organizations operate at the intersection of the physical and digital. One great example is City of Hope National Medical Center in Duarte, Calif., which uses an online portal to highlight—and leverage—its onsite physical recognition, thus extending its influence and reach (view at <http://cityofhope.plannedlegacy.com>). Finally, organizations such as Massachusetts General Hospital in Boston, Mass., are doing more with specific online recognition and storytelling, along with subtle fundraising touches (view at <https://giving.massgeneral.org/donor-recognition>).

Developing secure donor portals

Just as we now make doctors' appointments and view our personal health information using an online portal, we must be able to provide our most loyal and dedicated donors with a simple, safe, immediate way to learn about the impact of their generosity. One way to do that is by deploying a secure donor portal, a protected electronic space that can store and share a variety of

information pertaining to a donor's philanthropy and use those items to provide a customized experience. (See the sidebar for information that might be included in a donor portal.)

The higher education sector was an early adopter of donor portals and its experiences can help inform best practices and considerations for our health care institutions. The initial portal build out should leave room for future growth and additional components, says Fulvio Cativo, director of donor relations and stewardship at the University of Maryland. "Donors will want a product that has every possible bell and whistle. These requests and calls for better, bigger and faster will test your team's capacity, your IT team's capacity, and it will make you wonder if you can please everyone with this platform," Cativo explains. "You probably cannot. At Maryland, we made small and significant additions to our endowment portal every year, and little by little, we addressed donors' calls for more information, more transparency and more content to make this a tool worth using for them."

Developing a donor portal is a strategic, long-term endeavor. Planning for its creation and implementation should be a collaborative effort involving fundraisers and staff in the areas of donor relations, information technology, gift administration and communications—and should take into account the confidentiality sensitivities of health care organizations and the legal/compliance staff who must ensure adherence to the Health Insurance Portability and Accountability Act. And while a portal can be an excellent tool, we want to emphasize that it should supplement, not replace, the human interactions that

What features might be included in a donor portal?

A portal should serve as “one stop” for donors to see their history of giving and impact.

Elements that might be part of the portal include:

- Donor’s giving history.
- Letters or videos from grateful patients or staff.
- Impact reports of donor’s giving over time.
- Notices of interest (upcoming events, important organization-related items, etc.).
- Live construction video feed for a building or expansion the donor supports.
- Photos of previously completed facilities the donor supported.
- Market values over time, if the donor has established endowed funds.
- Event photos, if relevant.



help an institution build trust and lasting relationships.

Creating new types of experiential engagement

Technology may be reshaping aspects of our relationships with donors, but it is still vitally important to strategically engage them in various in-person activities. Events remain a key strategy, and we’ve seen a move toward more experiential activities that allow attendees to have a direct experience of the organization’s work and how people are benefiting. For example,

providing hands-on, personal experiences, such as including donors in a kids’ health fair in the new children’s wing, may resonate with those who helped the facility be built—or who are considering a gift.

Other engagement activities might involve peer-to-peer fundraising, often via events that benefit the health system. A run/walk for a hospital might be one example. It’s important to be aware that someone who pledges support for the run may be more motivated by her relationship with her friend who is participating than by your

cause. We need to approach new contacts like these sensitively, perhaps sharing information about the ways their donations have made a difference without assuming that they will automatically become renewing donors.

You might also consider providing travel opportunities, a donor engagement tool that is widely used in non-health care organizations. Including donors on organization-sponsored trips can draw them into your story, provide them with a once-in-a-lifetime experience and give key staff opportunities to bond with them. But because travel can be complicated and expensive, it’s important to have a clear understanding of the trip’s purpose and develop meaningful metrics to track its efficacy as a driver of philanthropy. When planning a visit to a partner health care system in another country, for instance, you might include activities such as demonstrations of new technology that you know to be interesting to key donor prospects and which your institution may be considering. This might be a step in a future solicitation for a gift to update technology at your own institution.

Investing in project management tools and training

Advanced project management tools (TeamGantt, Trello, Asana and Microsoft Project are a few examples) are becoming an essential component of donor relations work. As development professionals become involved in complex projects that require resources and participation from other departments and external vendors, the information and timelines they must coordinate go far beyond the capacity of outlines

and Outlook calendars.

Investment in these tools, as well as in project management skills training, can have significant benefits. As stated in a report by the Project Management Institute, “In today’s increasingly complex and competitive global marketplace, technical skills are simply not enough. Companies are seeking added skills in leadership and business intelligence to support longer-range strategic objectives that contribute to the bottom line.”⁷

Professionals can leverage project management expertise to transform their roles from operational to

“Instead of functioning in a single department,” Emlen explains, “We reach out to colleagues across the organization to link their work with the goal of promoting philanthropy. Many of our internal goals in donor relations and stewardship might fall away in this model as we become more attached to the strategic direction and mission of the organization.”⁷

Capitalizing on data-driven strategy

Development professionals are using increasingly detailed and sophisticated data to better evaluate

Jon Jeffries Thompson, director of digital communications at Children’s Hospital Foundation, says it’s important to look more broadly when evaluating return on investment of these new data-driven efforts. In the scenario above, for instance, no one tactic gets primary credit for a gift, “yet all those touch points should be a part of the investment calculation because of the way they helped predispose the person and finally motivate them,” Thompson explains.

This type of evaluation is not simple; in complex organizations donors often have multiple opportunities to give, including online, via direct mail appeals and by attending events. The data also have to be accumulated and measured over time and may require specialized expertise to analyze. Yet making the effort to implement these strategies can have a large payoff. With new information from data, Children’s National decided to emphasize tactics such as sending e-blasts and reducing its use of direct mailing. Says Thompson, “The outcome of this thought process and data modeling is that we lowered our online cost per dollar raised for small-sum unrestricted gifts from 82 cents to 7 cents in a single fiscal year.” Results like these suggest it’s well worth investigating data-driven donor relations strategies.

Ideas of the future


In our increasingly complex world with its 24-7 access to information, attracting and sustaining donors is ever more challenging. Yet the opportunities for connection, as illustrated by the trends and tools we’ve discussed here, have never been greater. Health care organizations that invest in these innovative practices for enhanced

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strategic. Says Shomari White, associate vice president at Children’s Hospital Foundation, “As more health care institutions use lean management to streamline systems to improve the value to customers and patients, the fundraising departments that support them will also be asked to use these principles to maximize productivity and raise funds at a lower cost. It will be the project management team that will lead the charge.”

Julia Emlen, executive editor of the *Journal of Donor Relations and Stewardship*, says it is also important for donor relations/stewardship professionals to broaden their vision, aligning project goals with their organization’s larger mission.

which sources and key measures of performance to focus on for donor engagement. Here’s one example: Organizations now employ multiple solicitation channels, instead of separating donors into distinct groups such as “online donors” or “donors who attend events.” While formerly we might have targeted our stewardship efforts with distinctions such as these in mind, now more innovative organizations use a multitiered approach aimed at understanding the multiple platforms in which a donor engages with an organization. Development professionals then develop a strategic multichannel donor relations and stewardship program using the data they gather.

donor relations and stewardship are uniquely positioned to strengthen relationships with their donors, realize their mission and advance their philanthropy. 

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