



Now Is the Time To Focus on Donor Retention

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I was going through my resource development library with specific interest to the month of January. What should my job focus be this month with respect to donors? Since the heaviest concentration of time for donor solicitation has recently passed, what should you be doing at this time of the year? If you follow the concept of moves management, you will understand the stages of the fundraising cycle.

The fundraising cycle, or “moves management,” consists of the major stages of identification, qualification, cultivation, solicitation and stewardship. The process implies a long-term, focused relationship-building process of transforming a prospect into a continual larger donor over time with contact. I contend the original fundraising prospect-focused cycle is FRC No. 1. The next fundraising cycle, FRC No. 2, for this new donor focus should be heavy on retention, stewardship/cultivation and larger ask solicitation intention. Over time, the stakes are higher with each donor, with greater attention and actions necessary to properly retain that donor.

Donor retention entails engaging existing donors, so they willingly continue to financially support the organization each year. Retention includes ongoing engagement strategies so each contact feels appreciated and valued. It is always more affordable to keep current donors than seek unconnected prospects because the return on investment from a donor increases through the years.

The Fundraising Effectiveness Project noted that, over the last decade, donor retention rates have hovered around 45% for first-time donors and 60% for repeat donors. Your job is to keep donors happy and emotionally invested in your nonprofit. It takes time and challenging work to bring a donor into your organization. You do not want to waste this effort by losing these donors.

The goal for every nonprofit is to have a high donor retention rate each year. You can calculate your nonprofit's donor retention rate by dividing the number of repeat donors this year by those who donated last year, according to Bloomerang. The Fundraising Effectiveness Project found the recapture rate for lapsed donors is a pitiful 4% which means if donors stop giving, there is an exceedingly small chance they will give to the nonprofit again.

It is vital that organizations continue to focus on ways to keep new and existing donors coming back each year. Donors tend to lapse due to poor communication and lack of attention. The organization may lose concern for the donor once the initial gift is made, but donors keep giving if they perceive the organization is effective, knows what to expect with each interaction, receives a timely thank you, receives opportunities to make views known, feels appreciated and believes they are part of a worthy cause by being shown how their donations are spent.

Inside Charity notes that focusing on new donor retention plays a key role in your overall retention rate. The second donation by the donor is often called "the golden donation" because it indicates that a donor will give in future years. Here are recommended strategies to boost your first-time donor retention rate:

Personal conversations. Call your new donors or use video conferencing tools to enhance one-on-one communication. A Bloomerang study found that donors who received a phone call within 90 days of their first donation were retained 58% of the time as compared to 33% of those who did not receive a call.

Welcome kits. Send a welcome kit to supporters when calling them, either through the mail or email. Tell them that they are now the newest member of the organization's family. Mention the organization's mission, community needs and next big initiative in the kits.

Showing impact. Donors love to see gift impact, so show it in the thank-you message, stories on social media, etc.

You need to make an immediate and profound impact on first-time donors as soon as possible.

Over 25% of a nonprofit's annual donation volume occurs from Giving Tuesday through Dec. 31, according to Classy. Within that spike in contributions, up to 75% of one-time donations come from new donors. You need to follow up with these donors, both new and returning, in January to thank them and retain their support.

Since donor retention rates continue to remain at a level of 50% or below, donor retention efforts now must be a top priority. Make sure you thank all 2021 donors this month by a variety of methods. Send your annual reports and beneficiary stories through a variety of channels. Encourage donors to think about increasing their gift values by making monthly donations. Announce your major plans for the year and strive to make 2022 new and exciting for your donors.

January is an important month for retention. Strive to thank your donors now in new and exciting ways through email, social media, or your website. Have key volunteers and board members write thank-you notes to major donors. Recurring donors are five times more valuable to your nonprofit, according to "The State of Modern Philanthropy" report. If you send information to your donors, engage them with colorful infographics, photographs and videos.

We should believe in the concept of moves management for prospects and donors. Thus, pay attention to the concept of the fundraising cycle for new prospects and recurring donors, with the aspect of retention as part of this cycle. A new year gives us the opportunity to freshen up our information and organization. Strive to understand the constant importance of donor retention, particularly at this time of year. Losing donors hurts the organization and provides less resources to accomplish the institutional mission of the nonprofit. Appreciate your donors and strive to engage them for life. Treat them as you would like to be treated. Now is time to focus on donor retention. Start that focus today.

<https://www.nonprofitpro.com/post/now-is-the-time-to-focus-on-donor-retention>