

On February 9, 2022, TIFF Investment Management hosted the first of four sessions in our Fundraising Symposium. Each session will have its own theme and set of presenters, but the purpose of all is the same: To help nonprofits leverage fundraising best practices efficiently and effectively in a post-pandemic landscape.

“Unlocking The Mystery of Donor Retention” was hosted by **Dr. Robert T. Grimm, Jr.**, the Levenson Family Chair in Philanthropy & Nonprofit Leadership in the School of Public Policy and Founding Director of the Do Good Institute at the University of Maryland. **Barbara O’Reilly**, CFRE, Founder and Principal of Windmill Hill Consulting, led an interactive presentation on what drives donor giving, how to measure donor retention and how to retain and convert donors.

TIFF Members can access the recording of the session and presentation materials through the Member portal. A high-level summary of this exciting event appears below.

We hope you will be able to join us on **March 16, 2022, at 12 pm EST** when **Dr. Grimm** and **Ebonie Johnson Cooper** will present “Diversify Your Donor Base.”

If you have any questions, feedback, or would like to receive an invitation to the remaining sessions in our 2022 Fundraising Symposium, please send an email with your name, affiliation, and title to [memberservices@tiff.org](mailto:memberservices@tiff.org).

## TIFF 2022 Fundraising Symposium Session1 of 4: “Unlocking the Mystery of Donor Retention”

**Host:** Dr. Robert (“Bob”) T. Grimm  
Director, Do Good Institute, University of Maryland  
[DGI | UMD School of Public Policy](#)

**Speaker:** Barbara O’Reilly  
Founder and Principal, Windmill Hill Consulting  
[Windmill Hill Consulting \(whillconsulting.com\)](#)

### Why Do Donors Give?

Bank of America regularly polls donors as part of its recurring Study of Philanthropy: Charitable Giving by Affluent Households. In a recent poll, results revealed the motivations for donor giving, with donors selecting all reasons that applied:

Belief in mission	54%
Believe gift can make an impact	44%
Personal satisfaction	39%

Support the same organizations each year	36%
Wanted to give back to community	27%
Tax benefit	18%
To remedy an issue that is personal	16%
Volunteer for the organization	15%
Were asked	3%

(Data is from the 2016 Bank of America UST poll on High Net Worth Philanthropy.)

There is another benefit to giving that was not highlighted in the Bank of America poll – but is a powerful motivator of its own. Neuroscience studies have shown that charitable giving is rewarding, releasing oxytocin in the brain to create a sense of wellbeing. Giving also creates a sense of connection. These benefits to the donor are real. Various studies show people who makes gifts or volunteer are happier and healthier.

### Why Do Donors Stop Giving?

The single biggest risk to losing a donor or failing to convert a first-time donor into a recurring donor is one that nonprofits can control: Sending too many requests or sending requests that are too close together. The second largest reason is change in philanthropic focus. This is donor driven and the only material risk beyond an organization's control:

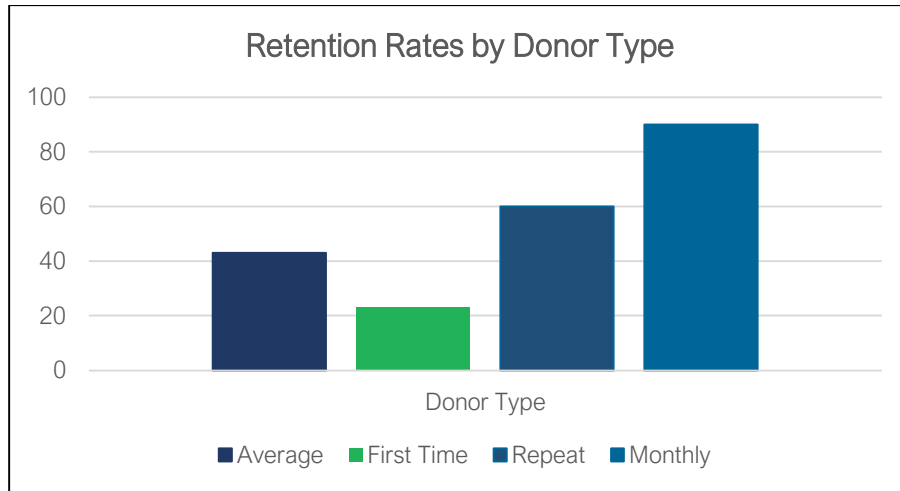
Solicited too frequently or too much	≈43%
Personal changes in philanthropic focus	≈37%
Organization was not effective	≈19%
Changes in nonprofit leadership or activities	≈15%
No longer involved with organization	--

(Data from the 2014 Bank of America poll on High Net Worth Philanthropy.)

### Ways to Measure Donor Retention and Why It's Important

It is critical to keep the donors that you have. One study measured the impact of growing the original retention rate of donors from 41% to 51%. It demonstrated that improving donor retention by just 10% can double the lifetime value of your donor base, with the donor profile improving in two ways. One study measured the impact of growing the original retention rate of donors from 41% to 51%. The average size of the gift from retained donors remains the same, but the aggregate amount of giving is increased significantly as the total number of donors remains higher. In addition, the lifetime of each of the retained donors tends to increase, so the lifetime value of their gifts rises accordingly.

The low retention rate for first-time donors suggests a crisis in nonprofit fundraising – and a need for new or modified approaches to outreach.



First time donors are simply testing the waters when they give, deciding whether an organization aligns with its values. Repeat and monthly donors have higher rates of retention typically because they are looking to support ongoing programming or stretch out a larger gift over time.

### How Many Donors Are You Keeping?

It is critical to measure and understand how many donors – and of what type – you are keeping.

$$\text{Donor retention rate in \%} = \frac{\text{Number of donors who made a donation in the current year}}{\text{Number of same donors who gave last year}}$$

First-time donors are your giving pipeline. The likelihood of getting these donors back if you lose them is in the single digits.

$$\text{First-time donor conversion in \%} = \frac{\text{Number of first-time donors making a second donation}}{\text{Number of first-time donors}}$$

Finally, you want to understand how much revenue you are losing when you lose a donor.

$$\text{How much revenue you are losing in \$} = \frac{\text{Average annual donation in}}{\text{Attrition rate in \%}}$$

## Two Keys to Increasing Donor Retention

“Fundraising under-performance, therefore, is actually a failure to communicate”

Penelope Burk, *Donor-Centered Fundraising*

### 1. Build a plan for meaningful donor communications

With appeals:

- Start with the Why of your organization: the mission and vision
  - Lead with the mission and then tell a story about a specific program or initiative
    - Can decrease recent donor tendency to designate gifts to a program, service, or project outside of immediate need
- Aim to engage and inspire
- Approach fundraising as dialogue instead of outbound messaging
- Minimize the use of statistics in solicitation materials, which decreases donations by half
- Create a multi-channel, personalized approach
  - Multiple channels lift the response rate
    - Mail, events (hybrid virtual / in person), phone, email, meetings, text

When a donation is made:

- Follow up with prompt, meaningful gift acknowledgment, which can be:
  - One-on-one visits with a Board member or CEO
  - Thank you calls from staff/Board
  - Inclusion in staff visits
  - Site visits
  - Quarterly in-person teleconference updates

In all cases, tell a story of how the gift will be used

- Be sure you can communicate measurable results on the last donation before asking for another one

Be sure that your Board is aware of how important it is to fundraising and how much influence it has over donor retention. The impact of a thank you call can be powerful. In a survey of donors solicited by Board members:

- 93% would definitely or probably give again next time they are asked
- 84% would give a larger amount
- 74% would continue giving indefinitely

(Data from Donor-Centered Fundraising, Penelope Burk.)

### 2. Prioritize and get to know your donor groups:

#### 1) Current

- Understand:
  - Why us?
  - How was it making a gift?
  - What do you expect as a donor?

## 2) New

To hold onto first time donors, understand and act on the idea that a first donation is not about money, it's about attention. To hold onto the largest new donors:

Timing, within	Event
48 hours	Call from Board member
7 days	Send thank you letter from development staff
10 days	Send welcome packet
30 days	Send stewardship packet
45 days	Offer invitation to tour

There are no requests over this initial time period. Then within

90 days	Make appeal
Ongoing	Send annual newsletter

## 3) Lapsed

- Understand where they:
  - One-time donors?
  - Long-time donors who stopped?
  - Monthly who cancelled?
- Why did they stop giving?
  - Survey them to ask feedback
  - For larger donors, make a personal call or email them
- Is their contact information still correct?

If you have limited fundraising dollars, there are two specific things you can do:

- 1) Invest in stewardship
- 2) Invest in print budget – use print to supplement electronic communications

How much time should an Executive Director spend on donor cultivation and maintenance? No less than 50%. This is a large commitment, so make sure that 50% is the most strategic use of that Executive Director's time.

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## Biographies

### Dr. Robert T. Grimm Jr.

Bob Grimm serves as the Levenson Family Chair in Philanthropy & Nonprofit Leadership in the School of Public Policy (SPP) and the founding Director of the Do Good Institute at the University of Maryland (UMD). Dr. Grimm works with an incredible team that empowers individuals to do good. The University of Maryland Board of Regents awarded Grimm their

2021 Regents Award for Faculty Excellence in Public Service for Do Good's impact. The Network of Schools of Public Policy, Public Affairs, and Public Administration (NASPAA) similarly recognized Do Good with its inaugural Voinovich Public Innovation Prize.

Started with two courses (2010) and a Do Good Challenge prize competition (2012), thousands of students participate annually in Do Good Campus programs and courses today while changing the world for good. For example, Do Good students enable thousands of families to stay safe and avoid hunger during the pandemic, change mental health accessibility and female menstrual product accessibility on campus, recycle and supply medications to tens of thousands, reduce water pollution, and eliminate over a hundred million pounds of food waste. Grimm served as the Founding Board Chair of the Food Recovery Network, which UMD students built into a national nonprofit and then launched two successful companies, Hungry Harvest and Imperfect Foods. A new building for SPP and the Institute opens in 2022 with a Do Good Hall of Fame and Do Good Plaza that features inspiring UMD efforts.

Grimm's research on philanthropy, volunteering, nonprofits, and civic engagement has been featured in The Washington Post, New York Times, MSNBC, Fast Company, and Bloomberg. Grimm co-authored a widely-cited article on "The New Volunteer Workforce" in the Stanford Social Innovation Review, articles in Nonprofit & Voluntary Sector Quarterly, and the Journal of Policy Analysis & Management, and a book on American philanthropists. Invited to testify at the first hearing of the National Commission on Military, National and Public Service, the Congressional Commission focused on the Institute's research on the decline of charitable behaviors.

Grimm served as Senior Counselor to the CEO and the Director of Research & Policy Development at AmeriCorps, which annually invests approximately one billion dollars in innovative nonprofits. Grimm received senior appointments from both President Bush and President Obama's administrations and co-lead the creation of President Obama's Social Innovation Fund. Grimm expanded AmeriCorps's annual research funds from \$2 million to \$10.5 million and developed the first social capital and civic data collected by the U.S. Census Bureau.

Grimm earned his Ph.D. from Indiana University. Indiana University's Lilly Family School of Philanthropy awarded him its 2019 Distinguished Alumni Award. An Iowa native, Bob and wife Laura have one daughter named Astrid.

### **Barbara O'Reilly**

Whether it was leading record-setting reunion classes, securing tens of millions of dollars from global corporations following some of the most devastating natural disasters around the world, or overseeing a team that grew donor engagement of major individual donors committed to historic preservation, Barbara O'Reilly, CFRE understands that fundraising is much more than just raising money. It's about enabling donors to realize their philanthropic dreams for issues that are most important to them and to be part of the change they want to see in the world. Barbara brings to her

clients nearly thirty years of major gifts, annual fund, and campaign fundraising experience at major nonprofit organizations including Harvard University, the National Trust for Historic Preservation, Oxford University in England, and the American Red Cross.

Barbara became a Certified Fundraising Executive (CFRE) in 2015 and an AFP Master Trainer in 2018. She serves as immediate past president of the Association of Fundraising Professionals (AFP) Washington DC Metro Chapter and as a former member of the Advisory Panel for Rogare, The Fundraising Think Tank in the U.K. She is a longstanding Partner in Advancement of the Center for Nonprofit Advancement, a member of the Association Foundation Group (AFG), and Windmill Hill Consulting is a member firm of The Giving Institute. She is also a member of the faculty of the Graduate Certificate in Nonprofit Management and Leadership at the University of Maryland's Do Good Institute.

She is a frequent guest presenter at national and international conferences and on various webinars hosted by Network for Good, DonorSearch, Bloomerang, Firespring, OneCause, Boardable, UST, and Qgiv. Barbara received her BA in English from Barnard College/Columbia University and her ALM in Celtic Studies from Harvard University.