

Donor Loyalty

What Every Non-Profit Needs



Paradigm Associates, LLC



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By Mary Owens and Lisa Huetteman



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A S S O C I A T E S

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“Organizations that plan for the future have a chance to succeed in changing times while organizations that do not plan for the future may have no future at all. In the case of volunteer and donor-intensive organizations, the ability to combine focused and effective planning with consistent execution and follow-through is often the difference between a long and successful life and a short and unhappy existence.”

–Doug Brown, Chairman, Paradigm Associates LLC

Paradigm Associates provides leaders with processes and materials for use as “food for thought”. We help surface issues of concern and stimulate focused discussions while people are considering a wide range of factors in constructing their plans and building their organizations.

Effective Organizational Planning for Donor Loyalty:

- Begins at the top of an organization.
- Involves as many of the organization’s leadership and management team as possible.
- Provides for donor input throughout the planning process.
- Is linked to larger organizational visions and goals.
- Reflects realistic assessments of organizational needs, capabilities, and priorities.
- Is rapid, focused, and leads to action and change.
- Commits the organization to specific accomplishments in specific time frames.
- Takes an operational focus on specific actions to be taken in a short time period.

- Documents agreements to pursue common objectives that require collaboration and cooperation across different areas of responsibility.
- Captures how the organization will measure its progress.
- Is part of an on-going process of continuous evaluation and assessment.

Once the key issues surrounding donor loyalty are clearly understood within the context of overall goals, your team can address the extent to which local needs and resources may impact your choices of how to proceed.

Experience shows that trying to do too much and failing is less effective than trying to do a few things, succeeding, and then building on that success - over, and over, and over again.





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Today's Challenge

Non-profit organizations are facing greater challenges today than ever before:

- Economic down-turn affecting available philanthropic dollars
- Potential losses in local, state and federal funding as a result of budget cuts
- Increased competition with so many non-profit organizations

In addition to these external challenges, non-profits, just like all businesses today, are faced with internal challenges:

- Leading an organization in uncertain times
- Developing and motivating teams for results
- Doing more with less
- Reducing costs – without impacting services
- Reporting performance
- Managing assets and risks
- Responding to change

Successful non-profits effectively address these internal and external challenges by developing and implementing a strategy that creates donor loyalty.

Non-profits need to understand the internal and external factors affecting their organization.

- What are the biggest challenges facing your organization today?

- What risks or exposures could impact your organization over the next 12-24 months?



Your Donor

A donor is someone who gives of their time, talent or treasure. Successful non-profits have all three. Your loyal volunteers who donate their time and talents, are just as important as your financial donors to creating your success.

The function of a non-profit is to best serve their community. To effectively accomplish this non-profits must be financially viable. Most non-profits today rely on donors as a significant part of both their funding and their workforce (volunteers).

If the reason for non-profit organizations to be in business centers on the community they serve, one of the organization's leadership team's most important responsibilities becomes managing and measuring your donor interface. Making certain that donors get what they want is of critical importance to the long-term success of the organization. All factors that negatively impact the donor (unfriendly policies, inappropriate response time, untrained employees, etc.) must be identified and corrected if the organization wishes to attract and retain loyal donors, now and in the future.

Donors are the most important ingredient to any successful non-profit and it is quite challenging to serve the community without them. Therefore the non-profit leadership team has several critical responsibilities as it relates to their donors. The leadership team must:

- Develop appropriate donor-oriented strategies
- Design and implement donor-friendly policies/ processes
- Develop employees as it relates to creating and sustaining donor relationships
- Constantly monitor and continuously improve progress on the issues that are defined as most important to donors

What does your organization do to attract and maintain loyal donors?

There are two measurements that help in understanding and managing donor relationships: donor satisfaction and donor loyalty.

Most organizations are focusing on donor satisfaction as a measure of success. They assume that high levels of satisfaction translate into donor loyalty. In reality, if satisfaction was translated into a grade, it would be a “C”. If a person is satisfied, they got what they expected. To create loyalty, non-profits need to achieve an “A,” by providing more than expected. By consistently achieving an “A” in the eyes of the donor, a non-profit will earn loyalty. To achieve an “A,” non-profits constantly focus on what is really important to the donor.

Which measure do you use today, donor satisfaction or loyalty?

How can you measure donor loyalty?



A New Model

The Traditional Non-Profit Model

Build Positive Relationships



Build a Case For Action

In the traditional non-profit model, there are two stages where the focus is on building strong positive relationships and building a case for action based on the emotions around the critical needs in the community. For many years this model has served well.

With so many philanthropic possibilities, non-profits need to better position their value. There are so many needs in the community and frankly many very good non-profit organizations that meet those needs. Competition for donors in any community is fierce.

In today's world, this model, which has worked well in the past, leaves a non-profit at risk because they fail to connect with the donor in the areas most important to the donor.

Non-Profit Loyalty Model

Gaining Favorable Attention



Discovering Wants and Needs



Building a Case For Action



Creating Donor Loyalty

Gaining Commitment

In the new Non-Profit Loyalty Model, there are four stages, with a 5th stage that actually should be occurring all along the way.

Gaining Favorable Attention means building rapport and letting prospective donor get to know the organization. This is important because non-profits can't succeed in the next stage if they fail here. Most non-profit organizations already do this part really well!

The next stage is **Discovering Wants and Needs**. Before a prospect will donate they must understand and believe that the organization is viable and effectively serving the community. In this stage, it is critical to ask questions to surface why it is important for them to be connected with the organization or the community-need served.

Once the prospect's need has been discovered, it must be emotionalized. What is meant by this is that they really understand the benefits of satisfying that need or the consequences of not satisfying the need. This stage is called **Building a Case for Action**. In this stage, the non-profit helps the prospect understand how, teamed together, they will serve the community, creating **Donor Loyalty**.

If the process has been followed thus far, **Gaining Commitment** should be a natural conclusion. In fact, commitment has been gained all along the way to move to the next phase of the process.

The Trap – “Master Persuader”



The trap many non-profits fall into is becoming a “Master Persuader.” Non-profits are so passionate about what they do and the huge difference they make in the community that they start trying to persuade the prospect. When this happens, they have reverted to the “Traditional Model.” To move to a greater level of success, a non-profit must guard against letting this happen. At the end of the conversation with a prospect, a non-profit should ask “Why do our donors want to be part of what we are doing?” If they have no real clue as to what the donors need – they probably failed to ask.



Understanding Donor Needs

By getting inside the head of a donor thinking shifts to the things that are important to them. Along with this shift in thinking, the non-profit can focus efforts on understanding the emotional connection the donor has to their organization (or the need that they served.)

The non-profit must work on gaining the information that will help their donor connect with the organization. This is done by asking questions to discover or surface what is “most important” to the donor. Failure to solidify this connection can get short term results, but will typically not have long term impact or lead to donor loyalty.

Eileen’s Story: Eileen had a good relationship with her organization’s largest donor. She consistently met with him to share details of all the good work they were doing in the community. She took extra care to make sure he knew all about all their initiatives. She was shocked one day when he advised her that he was reducing his donation by 50% because the organization was not focused in the area that he felt was most important. In reality, 85% of the organization’s efforts were focused in the area that he felt was most important, however, she had not effectively communicated this with him. Had she known his emotional connection – she could have better positioned the organization’s value!

Could your organization be at risk? Do you understand what is most important to your donors? Why do your donors contribute?

What value do they receive?

What are the obstacles to creating loyalty?

Questions are the key to understanding your donors and enabling you to connect to their needs.

What questions do you need to ask to understand what is most important to your donor?



Creating Loyalty

According to Webster, loyalty is faithfulness or a devotion to a person or cause. Non-profits must cultivate a strategy within their organizations centered on creating loyalty. This includes the:

- Strategy
- Leadership
- Operating systems

They actively cultivate relationships with donors in order to bring them closer to their organization and strengthen their connection to the donor. All aspects of the organization must be centered on creating donor loyalty.

As you evaluate your organization's effectiveness at creating loyalty, the questions to consider are:

- What would your organization be like if you increased the loyalty of your donors?

- What impact would it have in your community?

- What impact would it have on the people you serve?

- What would it mean to you personally and professionally?



Taking Action

Make two lists: One for the reasons to move forward transforming your organization to one centered on creating donor loyalty and the other for the reasons to wait.

When you compare these two lists, what do you think is the best decision for the overall success of your organization?

Reasons to Move Forward

Reasons to Wait

About Paradigm Associates, LLC

Paradigm Associates, as a top 10% consulting firm in the US, provides insight, foresight and proven processes to professionals serving in Not For Profit organizations. We help you develop and align your strategy, people, and processes to achieve *Breakthrough Thinking For Your Real World*.

What makes our business coaching unique?

We are Certified Business Coaches who have been helping non-profits dramatically improve their organizations since 1985. We believe there is great potential inside you and your non-profit organization. Our mission is to unlock these unique and often hidden qualities so that you reach new heights of success.

Why work with Paradigm Associates?

Because we will challenge, support and inspire you, and most importantly get you to take consistent actions. You won't be told what to do. Our skill and experience lies in bringing out your own answers, insights, thoughts and ideas for success in your organization.

You will benefit from our combined experience, wisdom and insights to shorten your learning curve.

Coaching with Paradigm Associates will help you to:

- **Develop a Solid Plan:** We will first identify where you are and where you want to be. Our coaching sessions will be focused on closing this gap
- **Get Out of the Box:** We'll push the boundaries that you've previously set for yourself. You'll dream bigger and identify greater opportunities for your organization
- **Maximize Your Opportunities:** We will create a clear view of your opportunities. You'll have a sounding board to bounce around your thoughts and ideas and more importantly put them into action

- **Get Clarity:** When you have clarity you'll be focused, energetic, passionate, and generate better solutions
- **Understand You:** Discover and understand who you truly are and identify what you most want your organization to be
- **Set Goals:** We will identify your critical goal areas and specific goals to move you to new levels of success
- **Stay Focused and Keep on Track:** You'll be provided with accountability and structure that keeps you focused and taking consistent actions

You want all of this don't you?

So now you're probably wondering "How does this coaching work?"

- Well, it's a simple but effective concept! Your coach is your partner, working with you to achieve the success you desire
- Business coaching sessions are in person or by telephone
- We'll look at the problems and challenges you're facing, the opportunities available to you, discuss your goals and what needs to happen next
- You'll be asked thought provoking questions that get you to explore further and discover new things. These questions will help you to clarify what's right for you, makes you aware of your priorities and keeps you focused. But most importantly, you'll be asked questions that identify your next steps and inspire you into action
- At the end of each session, you will decide how you will practically apply what you've learned before the next session





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