


REDEFINING THE CRITICAL

MIDDLE GROUND

Thought Paper by Tony Elischer

Towards the end of 2014 and bridging into this year the sector seemed to have another intellectual push on why the future is about donor retention and donor development, rather than the constant machine of donor recruitment to make the numbers balance. Professionally we know that this is the case, but it often takes a wave of thought pieces, blogs, conference sessions, books and conversations to converge to raise the issue to a point where it gets noticed again and hopefully acted upon. As the end of 2015 approaches, the wave has once again died down and needs a push to keep people focused and thinking on the factors that truly are the future of fundraising from individuals.

For me, the concept of the supporter journey continues to provide a thread through areas on which we need to focus to help move and navigate supporters to their natural potential in terms of relationship and value. It is a conceptual framework, but one that helps us map out all the possible programmes we should be offering, even if, in some cases it is not about a product or proposition, simply a different style and approach of communication. As a guide to retention the supporter journey is invaluable as it helps us to decide strategically where to focus our actions and investment to make our overall programmes stronger and better suited to building engagement, relationships and above all lifetime value.



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The journey should always be tailored to an individual charity and its mix of programmes and propositions. However, in general terms you can divide the journey up into four or five key strategic work areas where you can look in detail at developing new programmes and transitions to attract supporters to a new form of relationship and then to place them into a position where you can gently test different things to 'move' their support, interest and overall engagement. By far the most popular area of the moment, for obvious reasons, is the 'middle ground'. The space between regular or membership donors and the traditional major donor programmes. So, focusing on these areas, what are the opportunities and how far should we go in developing a suite of opportunities and programmes that allows us to finely segment donors who qualify in this area?

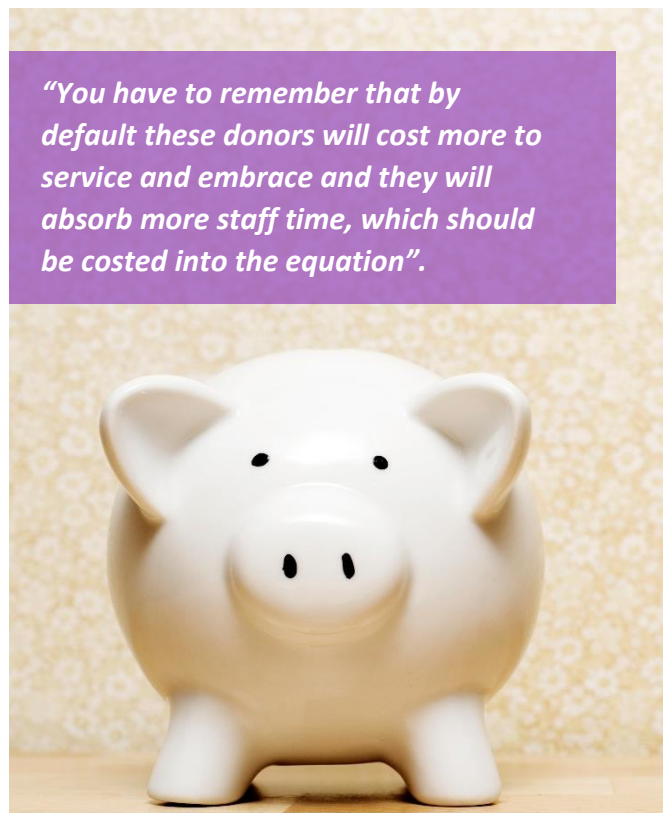
Many charities are still stuck in the old style thinking of all you need before moving to a major donor programme is a middle donor programme and that traditionally the learning in this area has been to develop a more personalised direct mail pack at a higher ask level. But this misses the point that increasingly there are more people with more wealth to invest in philanthropy, but they need more varied and bespoke approaches that are tailored to their life-stage and lifestyle. The starting point to all of this is not the creative or the programmes it is the data that drives the insight, the segmentation and the potential targeting. Investing in quality data systems and analysis is an essential element of implementing any supporter journey but the real test is when you get into the 'middle

ground' and how much insight you can achieve to help you shape a series of programmes and opportunities for supporters who may 'step up' to being donors or more importantly investors at these levels.

Before we look at the range of programmes and propositions in this middle ground, the obvious question everyone starts with is "what financial level are we talking about?" and sadly most of the time people leap in with some standard generic answer, but the reality is that the level should be set by each charity based on the value behaviour of the file to date and what the levels of gift have been to the charity towards the top of the file (top 1-5%). You are looking to stretch people from their current level, but only to a realistic level that will begin to engage them in giving more and changing the nature of their relationship.

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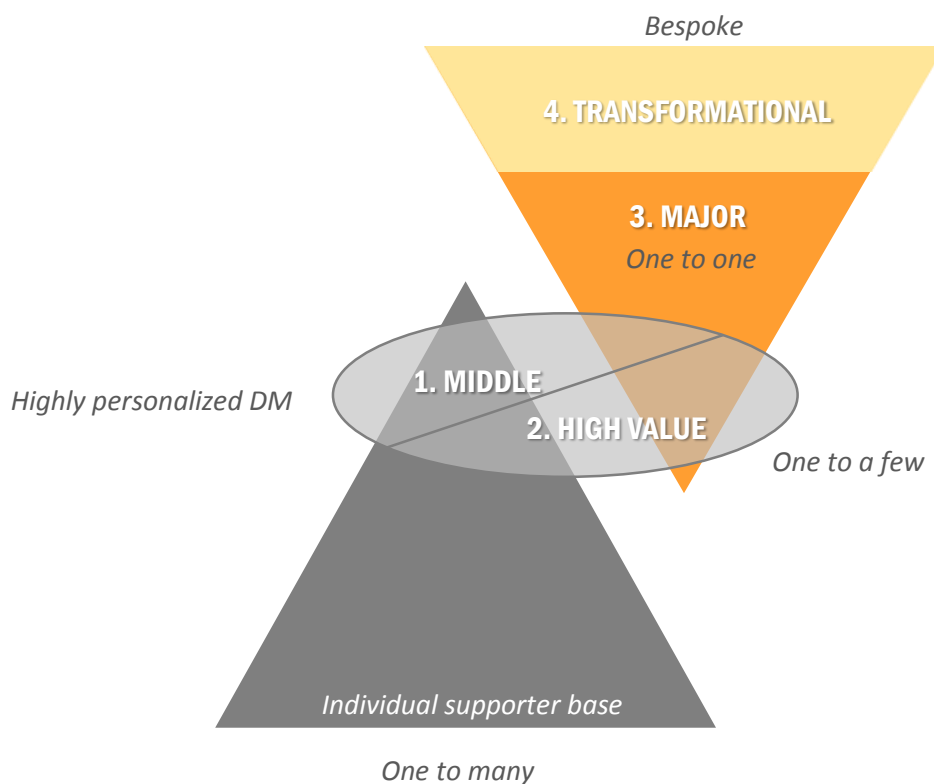


Once you have reviewed the top of your file choose manageable numbers of donors on which you can focus to start with. The other key point about financial levels is that these should be reviewed regularly, at least on an annual basis, to reset levels in relation to making that segment manageable.

The Sector needs to be more consistent in what it calls different donor segments linked to living/care programmes in the middle ground. We also need to be bolder about defining at least four programmes and investing creative energy in making these programmes distinct

and reflective of the higher value individuals within them. We still seem to believe that each programme or giving circle that connects people demands massive energy and resource just linked to that specific programme/giving circle, but this really isn't the case as you are dealing with smaller numbers and working on 'quality not quantity'. In this area we are looking at 'tailored' opportunities, so it is possible to run four or more programmes with a range of very manageable adjustments, from contact strategies through to stewardship programmes.

FIG 1: THE FOUR CORE PROGRAMMES



AFTER SUPPORTING THE INTRODUCTION OF MANY SUCCESSFUL PROGRAMMES, I BELIEVE THE FOUR CORE SEGMENTS THAT YOU NEED TO CONSIDER, SHAPE AND OFFER ARE:

MIDDLE DONORS

Still the obvious entry point, still the programme that we know a lot about, but still the programme that generally we fail to build consistently and to the full value of the segment that should be embraced by such a programme. We now have more than twenty years of solid experience and results on how effective these programmes can be and the charities that are very active now realise that they can utilise a mix of channels to engage people in a different way that sets them on a track to higher donations and, just as importantly, on a track to a deeper relationship with the charity.

Generally, the core of these programmes is still a more personalised direct marketing approach that makes the donor feel different and sends a clear signal that the charity is trying to be more personal in its approach and request for support. It is important to review the mix of channels available for this as charities are having just as much success with exclusive tailored web sites as they are direct mail pieces.

Personal doesn't mean 'extreme creative'. In fact, quite the opposite as the approaches that seem to work the best are the ones that feel 'more real', as if they have come from the desk of a programme worker or a grants writer. The packs tend to be longer in length and contact, but their look is more basic. It is tempting to make a restricted ask, but remember that for most charities these are loyal donors or warm prospects, so you are asking for a higher investment in something they care about. On that basis you can make a 'light restricted' ask

linked to programmes/needs/opportunities through themes or geography. So in reality this really isn't that challenging. The message here is simple, don't over complicate it, make it real and be prepared for donors to engage.

HIGH VALUE DONORS

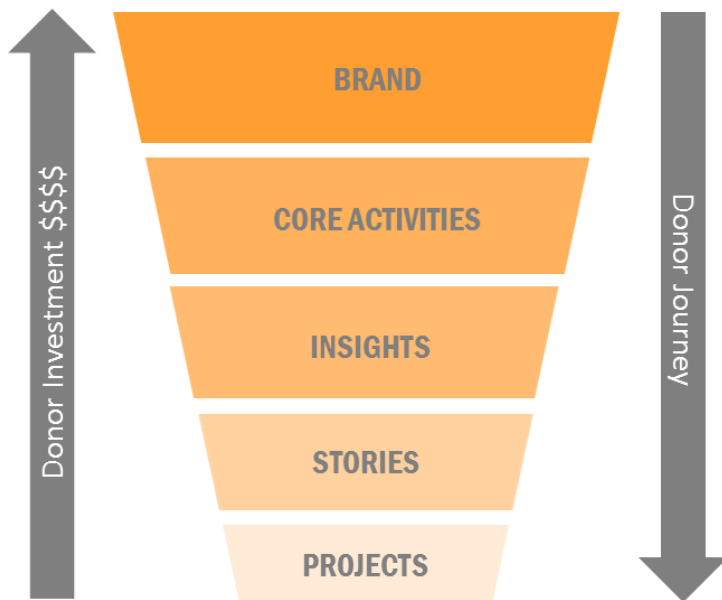
A missed programme for many charities yet one that is simply focused on finding ways to getting a higher value prospect closer to the charity, its people, its values and its other higher value donors. Making contact through small tailored events or bringing donors together who have shared interests and a willingness to hear more. This might seem like a fine line with the Middle donor category, but it stops charities 'throwing the kitchen sink' at lower level donor groups and helps to put a real value on the limited assets/options that charities have in terms of donor cultivation and stewardship.

In my experience, one of the keys to this group is establishing a dialogue where people have a genuine opportunity to share and explore their views on the charity's work. Investor mindset is central to all the categories we are reflecting on here, but dependent on the level defined this group are best positioned to want to share and engage more, if asked and facilitated in the right way. So the key elements to define are contact and conversation.

Once again our responsibility as fundraisers is not to fall into the 'easy life trap' and assume that we have to ask for restricted gifts; better to extend the conversation period and get people to the point where they see the genuine added value of trusting the charity to invest in areas with the greatest programme need.

The more I explore different dialogues and journeys with donors in this area the more I think we have to get into our head that our job is to pretty much always go through four filters to introduce our causes. In effect working out how to go through all four to the bottom and then to pull up again to the highest level to allow the donor to make an investment:

FIGURE 2: FILTERS TO SHAPE DONOR UNDERSTANDING & TRUST



FILTER 1: THE BRAND

Why we exist, who we are, why we're unique (positioning), our vision, our track record and above all who we serve in terms of beneficiaries. I use brand as the all encompassing term for this level as I also believe that we need to leverage our style, people and approach; people have choices in all cause areas so this is about engaging with people to see how they, hopefully, have a values connection to their lifestyle and outlook.

FILTER 2: THE CORE ACTIVITIES

Breaking down the charities activities into broad areas or themes that help guide the donor on the scope of the charity's work and activities. I always think about this level as the mix of ingredients that make the charity unique and have built its reputation for changing lives.

FILTER 3: PROGRAMME INSIGHT & STORIES

Taking the donor deeper into their areas of interest. This is a distinct level of detail that helps break down areas of work by relating to specific beneficiaries, geographic locations, different solutions to challenges, etc. It is still a filter that keeps things broad in description but is often supplemented by powerful stories that bring the work of the charity to life and help strengthen people's values connection with the cause. This is a distinct level that is often driven more by emotional insight than rational elements, helping to create strong propositions for support.

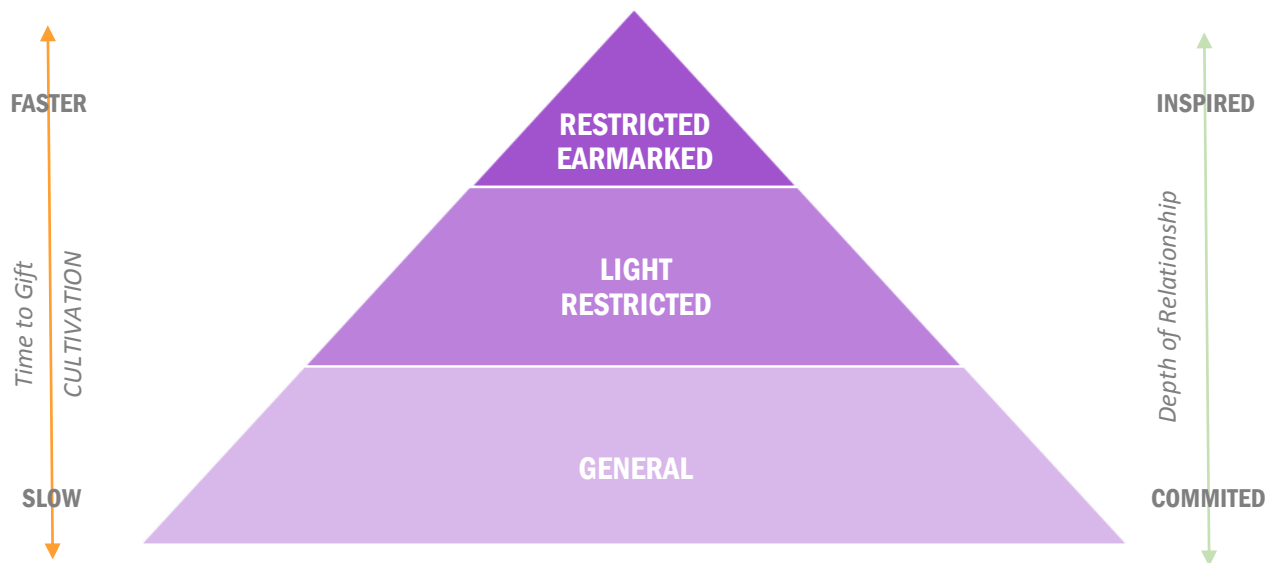
FILTER 4: PROJECT DETAILS

As donors make a stronger commitment to a charity they will naturally seek out more detail and specifics to reassure themselves that their investment is directly impacting lives and communities. We need to feel comfortable as fundraisers guiding donors to this level and helping them explore and understand but we also need to be confident that this doesn't have to be the 'ultimate destination' for donors to make their investments. Clearly at this level any donor choices will result in restricted or earmarked gifts, but our job is to take people here and then to set specific projects in the wider context and lift donors back to the previous levels to consider making an investment.

It may seem artificial breaking down the charity's work in this way, but it is an alternative way of thinking about how to engage a donor's understanding to a point where they want to trust the charity and therefore trust in its ability to judge where the need is greater and where a donation would make a difference. As fundraisers we are obsessed by restricted and unrestricted gifts and we know that restricted is much easier, although not always in line with the target expectations that the charity will have set us.

For many years I have built programmes on three types of income: general funds, light restricted funds and restricted funds. This simple approach has been a revelation for so many charities I have worked with as they have focused on the light restricted options, giving donors clear areas of association for their gifts without pinning the gift down to a tightly restricted project.

FIG 3: DIFFERENT TYPES OF INCOME



Our target investors in the middle ground need to be given more time, more information and more guidance to help them truly understand a charity's work and how they can become an effective partner to further that work.

Relationships take time and the deeper we want people's engagement the more time we have to invest and the more stages there will be in building a relationship. Too many fundraisers rush these programmes or fail to build foundations that have some longevity. It is interesting to note that this has been a popular strategic development area for many years and has been placed in many strategies, yet it is hard to find examples of established programmes that have built up a clear core of investors engaging at different levels consistently and in different ways over a number of years.

MAJOR DONORS

This is where fundraising has to get personal as everything is focused on building one-to-one relationships, between peers and between the charity leadership and prospective donors. At this level everything needs to be planned and thought through carefully, using some of the formalities that we have learnt over many decades, such as cultivation plans and structures that help bring people together to initiate peer influence. Traditionally this segment of prospects was always linked to a campaign or a specific project, but in recent years the smart charities have moved away from these restrictions, exploring other propositions that accelerate, expand and generally develop charity programmes. By building this programme alongside the previous two categories you can truly focus on a very limited number of prospects of the highest quality investing organisational energy and

resources in bringing them closer to the charity and building meaningful relationships. We all know at this level it is about quality not quantity, but too many charities work on the basis of overloading major gift staff based on a supposed 'law of averages'.

TRANSFORMATIONAL DONORS

Then we tip into the world of big givers, big investors, ultra-wealthy people who live in a world that thinks and acts differently. I would argue that this group has evolved in the last couple of decades to be genuinely very different. While traditionally there has always been a strata of ultra-wealthy individuals who have actively engaged in philanthropy the new category is far more complex and has many more segments that need researching, reviewing and understanding. There is also a greater percentage of 'new money' in this category, balancing out the tradition 'old money' investors that we encounter in the major donor category.



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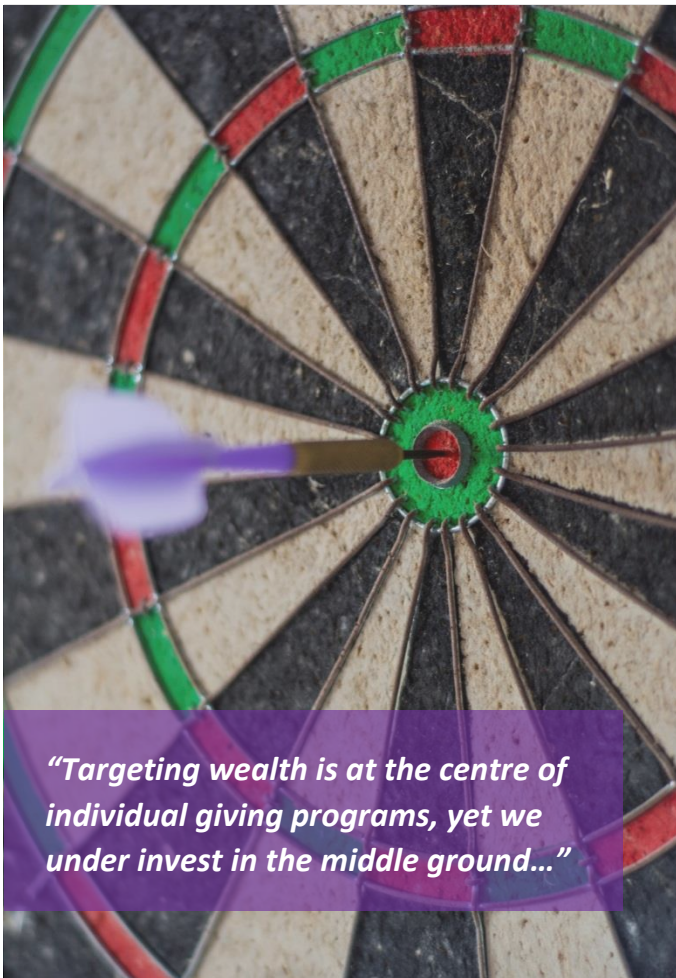
Increasingly people in this category are not interested in 'off the shelf' funding needs beautifully packaged and tailored to their researched profile. These people want something unique that is built from the bottom up, based on the foundations', values, approach and track record of a particular charity.

Put simply, this is the category of big ideas, to big problems with big solutions that have a credible risk rating. Let's be honest, no matter how hard the not-for-profit Sector works the problems are getting bigger and there are increasingly fewer new financial solutions that we can match to these challenges. Marshaling UHNWI individuals and their potential is a responsibility that belongs to us all. This is not a group of donors where you can simply apply traditional fundraising thinking and hope the law of averages will apply.

The Higher Education Sector (HE) is considerably further advanced in this category than what we might call 'mainstream charity', primarily based on much greater flexibility and variety around case propositions; that, whilst not strictly tailored to a prospect, ingredients can be mixed to increase the scale, appeal and impact, perhaps more than in mainstream charity. In addition, this has been the foundations of philanthropic cases in HE for many years.

This may seem like a category that is only relevant to international or multi-country charities, but as one of the fastest growing wealth categories both internationally and in individual markets all charities should consider if they can stretch, reach or connect at this level in any way, most of the people I work with are shocked when they find they have two or three potential candidates for this category sitting within their charity networks or even, in some rare cases, their databases!

Targeting wealth is at the centre of individual giving programmes, yet we under invest in the middle ground, fail to persevere and often stop programmes once key fundraisers move on. Virtually every charity has this area marked as key or a new opportunity, but are you brave enough to set it up properly and create the right infrastructure truly to capitalise on people who can afford to give more if we approach them properly, cultivate them and spend time building strong connections to their values and beliefs?



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