

*The following article was posted by Claire Axelrad on her Clairification.com website on January 25, 2017. A link is included at the end of this document.*

## **9 Things Your Nonprofit Needs to Know About Monthly Donations**

### **Eliminate Donor Retention Anxiety. Secure Ongoing Donations With Your Monthly Giving Program!**

It's the time of year when nonprofits are evaluating their recent fundraising results and making new year's resolutions to bring in more contributions in the coming year.

What will move the needle for you this year?

No doubt there are a number of things you can do more effectively. I'll be talking about many of them in the weeks and months ahead. Today, however, I want to discuss one thing you may or may not be giving serious thought to.

#### **MONTHLY GIVING.**

Chances are you already have some sort of monthly sustainer program. But... is it the best it can be? Could it do more heavy lifting for you?

Today I've asked an expert, Bill Sayre, President of Merkle Response Management Group, to give me his thoughts on what you can do right now to begin and/or better manage a monthly giving program. Bill has significant experience with donation processing and fulfillment for a broad range of nonprofits, and has a "big picture" perspective of the giving landscape. He's got the data on what keeps donors loyal to you over time.

So... let's get started!

#### **Q & A with Bill Sayre, President, Merkle RMG**

##### **1. Understand the Importance of Donor Lifetime Value**

**Q.** Bill, why is monthly giving such a good idea? I'm often approached by staff who are interested in starting or ramping up a monthly giving program, but quite often they need to begin by convincing their bosses this is worth the investment of time and resources. Can you begin by addressing why this is a good idea?

**A.** Nonprofits gain a steady income stream they can depend on. Sustainer donors have a greater lifetime revenue per donor and a higher retention rate than other donors. This makes giving more predictable, and more cost-effective. Nonprofits can and should reduce the number of solicitations sent to these donors, which cuts costs. When making the case to bosses the focus needs to be on longer-term results and not just the immediate ROI.

Sustainer or recurring giving programs offer advantages not just for nonprofits, but also for donors. Because they make giving easy. Donors can sign up one time and their gifts are made automatically and at a frequency of their choosing, giving them flexibility and convenience.

## 2. Develop a Written, Donor-Centered Sustainer Program Plan

**Q.** What are the key elements of a sustainer program and how might small to medium-sized nonprofits best get started?

**A.** Keep in mind that a hallmark of an effective sustainer program is flexibility for your donors. This is a key to a successful ongoing donor program. When donors are making a long-term commitment to your organization, they should be able to determine the (1) frequency and (2) amount they'd like to give, as well as the (3) channel that works best for them, whether it's online, through direct mail or another route.

Once you decide to put a plan in place, put it in writing and determine how you'll manage it. Begin with your goals (e.g., to acquire new donors; to upgrade existing donors), incorporate measurable objectives, prioritize strategies, develop your budget, and assign responsibilities.

Additionally, make sure you have a written strategic plan to let your donors know about your monthly giving program. Just about every ask you make for a gift should include the option to sign up for recurring giving. It is important to educate everyone on your team about the benefits of sustainer programs to the donor and the nonprofit. The more your staff understands and appreciates the value of sustainer programs, the more clearly they can communicate the benefits to donors and increase participation.

### 3. Put Systems in Place

**Q.** What are some solutions to make a monthly giving program manageable from a logistics standpoint?

**A.** It's critical to have a comprehensive and integrated sustainer processing and management system in place to ensure:

- flexible payment options are enabled, including changes in gift amount and frequency, as well as temporary suspensions.
- gifts are charged/debited on the established schedule
- updates to payment information are systematically pursued
- exceptions are quickly identified and resolved (e.g., (declined credit cards, expired bank accounts, etc.)
- donor acknowledgements are systematically, and promptly, sent and that any changes indicated by donors are confirmed
- donors are provided with detailed information they can use for tax purposes
- information is available to measure performance and support program growth

Giving donors the option of multi-channel sign-ups is important, but it's important that information from all channels flows into one back-end management system to avoid silos and further complicate the management of such programs. [NOTE from Claire: I once worked somewhere where donors who committed a monthly gift via credit card online were immediately charged and put into a system where their account was charged every month thereafter. Meanwhile, donors who committed via direct mail (writing their card number on the remit piece) were batched and processed on a monthly basis. This meant (1) thank you's were delayed, and (2) revenues were delayed. It's not good practice to have bifurcated systems.]

### 4. Plan Ahead to Promote Your Monthly Giving Program

**Q.** How do you get folks to sign up for monthly giving?

**A.** To make a sustainer program work you must promote it. No document should go out without the option to sign up for your sustainer program. Every response device should include the option to make a recurring gift.

Also, it's a good idea to educate everyone on your team, including outside vendors, about the benefits of sustainer programs. The more staff understand and appreciate the value and benefit of sustainer programs, the more they will serve as ambassadors and champions, increasing participation.

## 5. Process and Acknowledge Gifts in a Timely Manner

**Q.** What are some of the key issues nonprofits must plan ahead for in terms of processing monthly donations? Merkle RMG's website states you "provide complete response processing and fulfillment solutions for exceptional donor care." Can you explain what that means in practice?

**A.** The benefits of sustainer gifts programs are extensive but from my perspective the key is to have an effective back-end management solution once a nonprofit has gone through the effort of signing up a sustainer donor. To avoid losing revenue because of expired credit cards, the system should be able to use credit card updater services. The system must also be able to process address changes in bank account information.

One of the best practices we've found to mitigate against revenue loss is to enable the production of a series of letters to donors addressing just expired, and about to expire, credit cards. This helps avoid any lapses in charging the gift. It also provides another positive point of contact with the donor that makes them feel in control of their philanthropy. In our case, we are also able to call donors as needed as part of our overall sustainer processing and management solution.

## 6. Proactively Address Security

**Q.** Let's talk a bit about online donation security issues – especially as it relates to donors feeling confident when making a gift to you through your website, whether at a desktop or on a mobile device. What should nonprofits be doing to assure their donors' personal information is safe?

**A.** When donors sign up for recurring gift programs, they want to know their personal information and credit card data is secure. Nonprofits need to ensure they are in compliance with the highest level of the PCI Data Security Standard (DSS), an industry standard designed to protect payment card information. Other basic data security best practices need to be maintained as well, including use of firewall, antivirus, spam/spyware and intrusion detection software.

At Merkle RMG we deal with a significant amount of direct mail that includes sustainer sign-ups and payments, which requires numerous physical precautions as well. These include maintaining 24/7 video surveillance, using GPS tracking on vehicles carrying donations until they reach the processing facility and only allowing trusted, background-cleared individuals to handle donations.

## 7. Staff Your Program Efficiently and Effectively

**Q.** What other issues are involved to assure timely donation processing and can small and medium-sized nonprofits handle this in-house, or do you recommend outsourcing? I know many of my readers are concerned about costs. What are the pros and cons of outsourcing?

**A.** Outsourcing this function improves both response speed and security, and elevates overall donor care as well. Outsourcing donation processing is more efficient in most cases thanks to the technology investments, flexible staffing, built-in security and focused expertise outsource providers offer. Outsourcing allows nonprofit executives to focus on mission related programs and activities – areas which play to their greatest strengths and expertise. As it relates to monthly giving, an outsourcing partner can help manage payment information and other complexities of gift processing and payment information updating that can become overwhelming for a nonprofit.

## 8. Keep Donors Happy

**Q.** Bill, what's the best way to keep monthly donors happy when it comes to thanking them and reporting back to them? With monthly donations set up for automatic processing, do you thank donors every month? If so, how might organizations best accomplish this? Are there ways nonprofits can make their monthly donors feel special, beyond the automated thank you's they may receive?

**A.** It's important to create and maintain touch points throughout the year to remind monthly donors of the impact of their gifts. While monthly donor payments are automatic, these individuals have made a commitment to continually support your organization's mission. Your relationship with your donors must be continual as well. Folks need, and deserve, to be reminded of the good they are doing. Similarly they need to be reminded of, and rewarded with, your gratitude. This can be done via outbound phone calls, mail or email, but it is important to align with donor preferences for frequency and method of acknowledgement, especially when they're a part of a monthly giving program.

## 9. Treat Monthly Donors Like Major Donors

**Q.** Bill, because monthly donors give so consistently, and tend to be loyal, do you advise treating them differently than one-time donors in terms of ongoing stewardship? Do you have suggestions for ways to accomplish this, given limited resources and staff with already full plates?

**A.** Monthly donors are excellent candidates for major gift and legacy giving. Gifts should be acknowledged regularly as would individual gifts, but thank you calls and even highlighting sustainer donors on your website and in other communications is a great way to encourage retention and promote the program.

This is another area where outsourcing can help, especially given limited nonprofit resources. Using an outsourced partner to support the back-end sustainer processing and management solution helps ensure the program is properly managed from a gift processing, acknowledgment and donor service standpoint, allowing staff to focus on growing the sustainer program and other mission related activities.

### Summary:

- Seriously consider establishing and/or ramping up a monthly sustainer program to establish an ongoing predictable cash flow, increase the size of average donations and improve donor retention.
- Put in place a seamless back-end management system to ensure donation security, timely processing and appropriate reporting and compliance.
- Investigate outsourcing back-end management for efficiency and cost-effectiveness — and to make the experience relatively painless for staff.
- Actively promote your recurring giving program, internally and externally, using multiple channels (website, mail, email, social media, phone, electronic and print media and face-to-face). Assure you let all donors know of this giving option.
- Actively steward your pool of sustainer donors by offering great customer service, all with an eye towards converting these supporters into major and/or legacy donors.

View the article on Clairification's website:

<http://clairification.com/2017/01/25/9-things-nonprofit-needs-know-monthly-donations/?platform=hootsuite>