



**PURSUANT.**

# CHURN:

## A Fundraiser's Worst Enemy and How to Combat It

Trent Ricker, CEO

Use hashtag **#donorchurn** to join the conversation on Twitter!



# What Keeps You Up at Night?



- Acquiring new supporters?
- Retaining first-time donors?
- Cultivating next-generation major gift donors?
- Prioritizing time and resources?
- Coming up with the next campaign concept?
- Reviewing past campaign results?



# What *Should* Keep You Up at Night

## CHURN

Churn is a measure of the number of donors moving into or out of your donor base over a specific period of time (usually a year). It can be measured by dollars or by donors.





# A Startling Trend

## 2010 Fundraising Effectiveness Project - AFP and The Urban Institute

- Five-year average: 6 new donors for every 5.4 lost
- For every 5.4 new donors recruited, slightly more than 6 donors were lost through attrition. (For 08-09 years)
- Five-year average: \$6.60 gained for every \$5.40 lost
- 2010: For every \$4.50 gained (new, recaptured, and upgraded donors), a little more than \$6 was lost (downgraded and lapsed gifts).

<http://www.afpnet.org/Audiences/ReportsResearchDetail.cfm?itemnumber=4559>

Reducing customer churn by just 5 percent can improve bottom-line profitability by 25 to 85 percent

*Reichheld and Sasser (1990)*



# Why Do We Do Annual Fund or Events?

## Purposes

- Repeatable Unrestricted Income
- Establish Habits/Giving Patterns
- Leads to Bigger Gifts
- Bond Donors to the Organization
- Continuous Pool of Prospects
- Reinforce the Mission
- Compels Stewardship
- Emerging Needs





# Goals for Annual Fund

- Acquire high-value constituents
- Enhance loyalty with high-value supporters
- Retain high potential supporters and cultivate to next level of support

*How do you handle your donor file?*



# Why Do Donors Leave?

- Donor feels disconnected from the organization
- Donor gets irritated by too frequent solicitations for money
- Donor doesn't feel appreciated
- Donor chooses to support other causes

*Which of these are in your control?*



# Key Questions to Ask

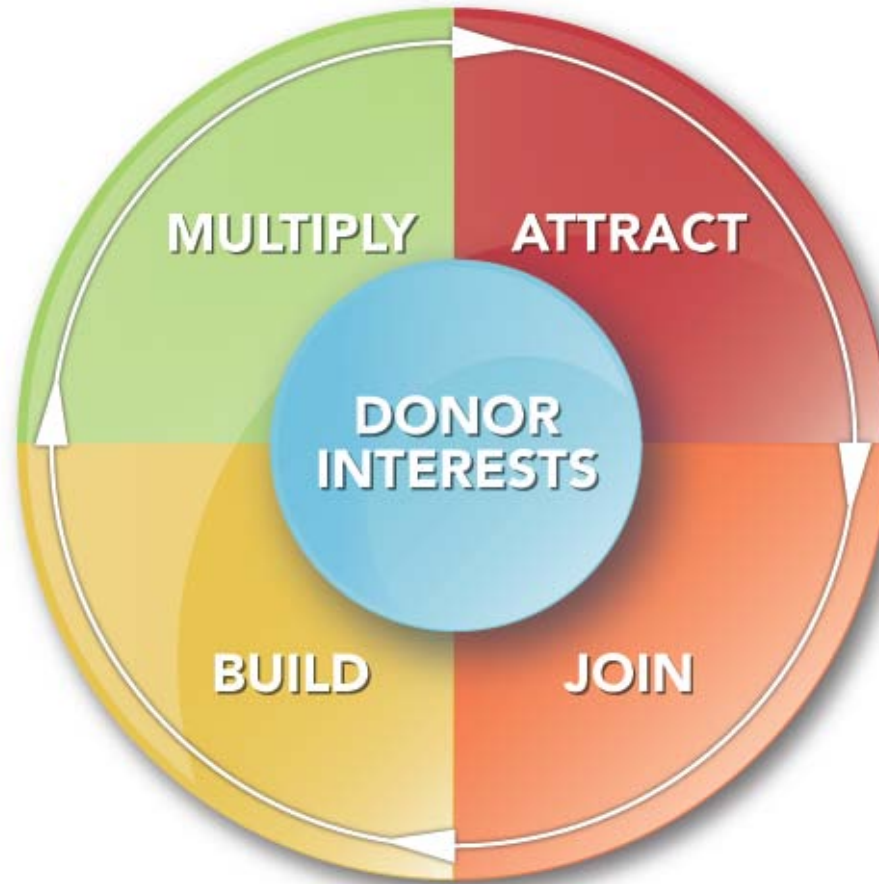
- Do you have a formal process for managing the identification, qualification, cultivation, and solicitation of key donors?
- How do you identify your best prospects and ensure they are being engaged appropriately?
- What are your churn statistics?



# **Donor Intelligence: Determining Interest & Relevance**



# The Pursuant Paradigm



**Driving the Relationship Lifecycle**



# What is Donor Intelligence?

- **The Non-Profit application of Business Intelligence**
  - From Wikipedia: “Business Intelligence (BI) refers to skills, processes, technologies, applications, and practices used to support decision making.”
  - Data modeling, predictive analytics, behavior interest profiling



# What is Donor Intelligence?

- **Donor Intelligence**

- Reviewing donor behavior to tell us who is more likely to provide greater support
- Allows us to prioritize use of resources and time
- Establish business rules for moves management
- Leverages all communication channels



# Data Modeling

Sample variables that could be included in modeling pre-churn predictive behavior:

- RFM
- External data:
  - Wealth data
  - Demographic / household data
- Behavioral data
  - Online interactions
  - Survey data

Establish Linkage, Ability, and Interest



RFM = Donor Giving History  
 BIP = Behavioral Interest Profile

**DATABASE**

PREDICTIVE SCORE

	1	2	3	4
RFM SCORE	2	2	3	4
	3	3	3	4
	4	4	4	4

**PRIORITIZE DONORS**





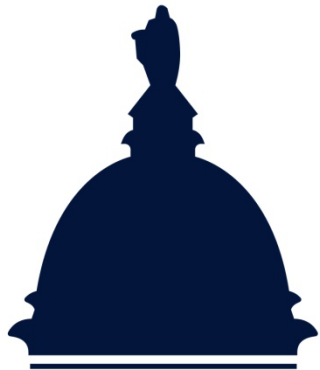
# How Do We Determine Interest?

## PASSIVE DATA

- Historical Giving Data
  - RFM, Lapsed, Long-lapsed...
- Mail
  - More difficult to measure
    - How do we know when someone opens our mail?
    - We are driven by response rates measured by a call to action (typically solicitation)
- Interactive / Online
  - Much easier to measure
    - Open rates
    - Click-thru rates
    - Video view rates
    - Multiple sessions
    - Response rates



# Example of Applying Passive Data



Notre Dame  
ANNUAL FUND

The Spirit of Notre Dame Campaign

Names and Faces of Notre Dame

18 / 184

FULL SCREEN

UNIVERSITY OF NOTRE DAME

- MAIN VIDEO
- FINANCIAL AID
- ACADEMIC & STUDENT LIFE
- CATHOLIC MISSION
- GLOBAL SERVICE
- AREAS OF GREATEST NEED

The screenshot shows a video player interface. The main video area displays a large mural of the Virgin Mary and Child Jesus on the facade of a building. The player includes a progress bar, a volume icon, and a 'FULL SCREEN' button. A sidebar on the right contains a list of video thumbnails with titles: 'MAIN VIDEO', 'FINANCIAL AID', 'ACADEMIC & STUDENT LIFE', 'CATHOLIC MISSION', 'GLOBAL SERVICE', and 'AREAS OF GREATEST NEED'. The bottom of the player features the text 'Names and Faces of Notre Dame' and the 'UNIVERSITY OF NOTRE DAME' logo.

# Integrated Communication to Determine Interest



**Personal URL  
(Direct Mail)**



**Cultivation Email**



**Pre-Call Letter  
(Direct Mail)**



**Microsite**





# The Next Step to Determining Interest

## ACTIVE DATA

- Survey
  - What are the most important questions to ask? What could we learn?
- Example Questions
  - How would you rate your loyalty on a scale from 1-10?
  - What activities have you been involved with (or what are your greatest connection points)?
  - What communication methods do you prefer?
  - How likely are you to financially support us in the future?**
- Integrated Channels (Mail, Online, Phone)
- Use results to prioritize efforts



# OK, I've Got the Data...Now What?

- Create “Personas”
- Leverage Donor Warehouse for each persona “group”
- Create “Relationship Pathways” and automate the communication
- Determine when cross-functional or integrated communication channels require additional touch points
- Implement Moves Management across all channels
- Observe, evaluate, and refine!



# Personas

- A model of constituent goals, attitudes, and behaviors
- Gathered from real observation coupled with data
- Grouped based on subjective interpretation grounded in objective data
- Presented as a narrative description
- Fictitious “person” that represents a constituent / donor segment



Paul

Profile  
Gender  
Age  
Occupation



Charlie

Profile  
Gender  
Age  
Occupation



Marie

Profile Lower Level Donor  
Gender Female  
Age 52  
Occupation Part-time Lecturer



#### Character

Considerate, supportive, reliable, trusting, valuing, motherly.

#### Description

Marie is an older mother and part-time University lecturer in Business Administration. She's busy preparing for classes, but also dealing with domestic matters and her teenage children. She recycles, buys Green and Fair Trade products. She makes time to read about issues that matter to her using her Kindle while sitting on the couch in the evening.

#### Site usage

- Marie wants to:
- Regularly discover the latest environmental news.
  - Find out more about EDF's work in general.
  - Know how to give and the payment method/preference.
  - Calculate her carbon footprint.

#### Web confidence and Context

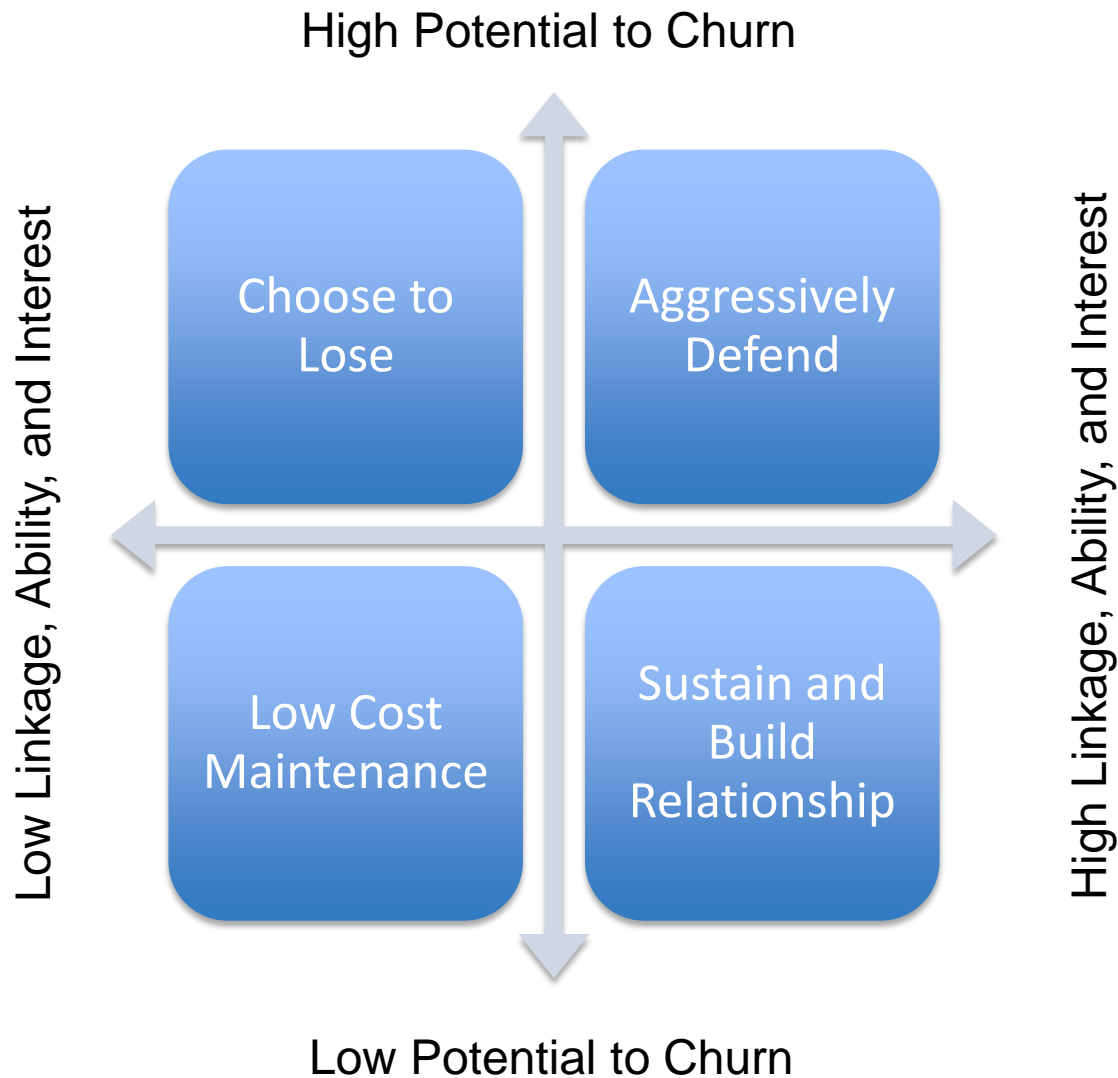
Long time browser based IT and web user. Accessing web from desk environment at work and at home, uses Kindle for casual reading.

#### Brand association

New York Times, [Zoo](#), People Tree, [Facebook](#), Target, Good Housekeeping, Oprah-magazine.

#### Environmental attitude

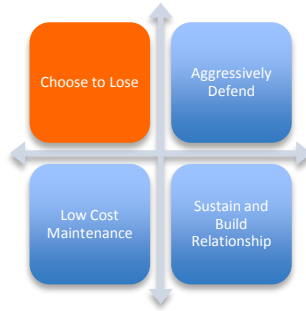
Marie is passionate about environmental change and the effects they have on her children, grand children and future generations. She does all she can on a practical level, but wishes to give what she can afford, within the context of the domestic budget, to help further.



Adapted from **Loyalty & Customers**, "Tailored Strategies for Customer Churn Management",  
Chintan Bharwada



# Choose to Lose



High potential to churn  
Low Linkage, Ability, and Interest

## Examples:

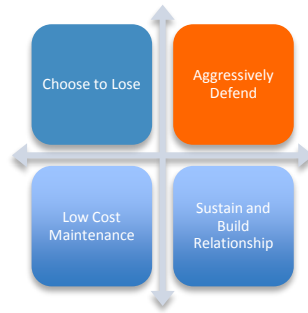
- Event donor to participant
- High premium (golf tourney?) participant
- Memorial donor

## Tactic examples:

- Use low-cost cultivation such as email
- Don't fear over-solicitation leading towards lapsed
- Aggressively work towards second gift as primary indicator of greater interest and linkage



# Aggressively Defend



High potential to churn  
High Linkage, Ability, and Interest

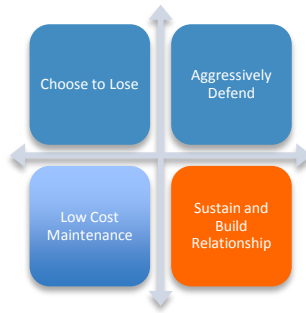
## Examples:

- Event team captain
- Large one-time gift or memorial donor

## Tactic examples:

- Use multi-channel cultivation tactics
- Consider personal phone stewardship
- Aggressively work towards second gift as primary indicator of greater interest and linkage
- Consider movement into higher-value sustaining giver program

# Sustain and Build Relationships



Low potential to churn  
High Linkage, Ability, and Interest

## Examples:

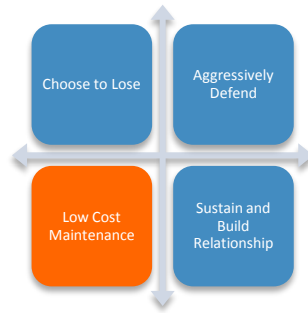
- Multi-gift donors
- Multi-program supporters
- High value sustaining givers
- Event sponsors

## Tactic examples:

- Use multi-channel cultivation tactics
- Engage in personal phone stewardship
- Encourage peer-to-peer fundraising
- Empower and equip to become key influencer



# Low Cost Maintenance



Low potential to churn  
Low Linkage, Ability, and Interest

## Examples:

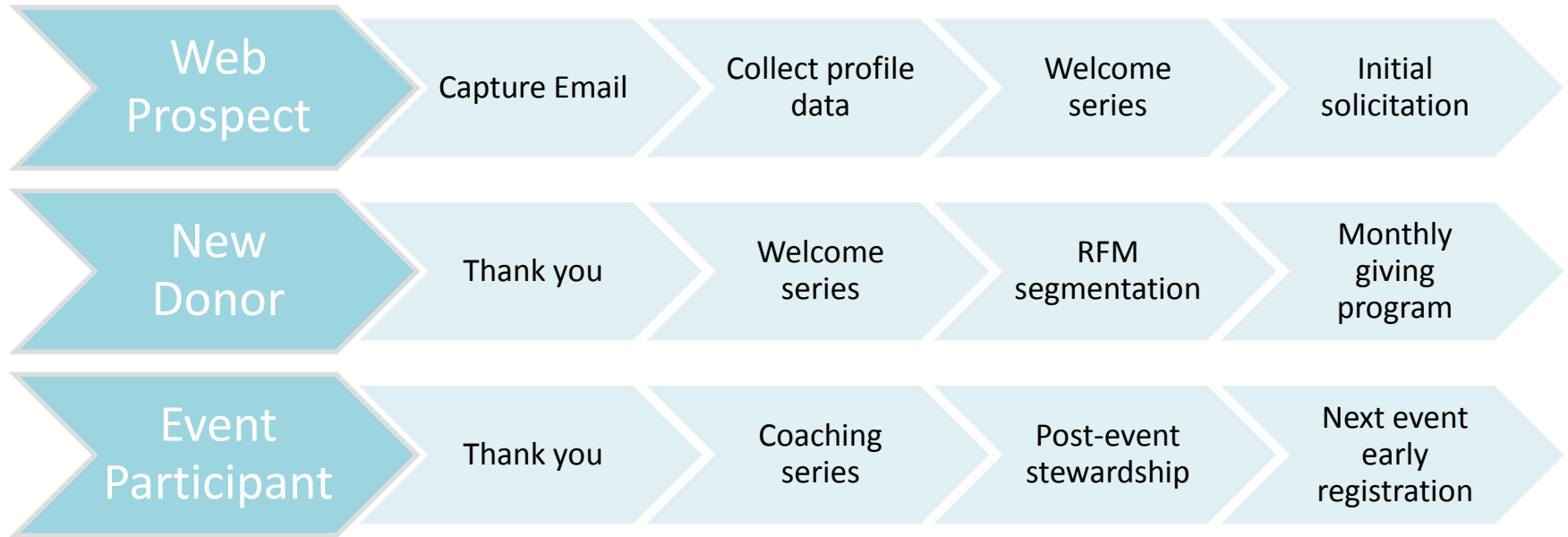
- Low-value sustaining givers
- Young alumni
- Micro givers

## Tactic examples:

- Leverage social media
- Utilize email stewardship and solicitation
- Infrequent direct mail



# Relationship Pathway Examples



Use multi-channel where appropriate  
Leverage rich media where appropriate



# Summary: Areas of Focus

- Segment your file
  - Build relationships based upon position in donor lifecycle
  - Create personalized, relevant, and timely multi-channel communications
- Evaluate your newsletters
  - Are you organization-centric or constituent-centric?
  - Consider surveys to present relevant subject matter
- Invest in your website
  - Evaluate usability and donor info to create strong case for support
  - Provide case studies on how you are using donor funds to advance your mission
- Leverage rich media
  - Engage program recipients and donors in your stories
  - Capture behavior interest profiling information to contribute to your donor warehouse

# Questions

