

# CULTIVATING DONOR LOYALTY BY SECURING THEIR SECOND GIFT

During difficult economic times, a strong base of loyal, multi-year donors is more important than ever. While a focus on donor acquisition, retention and reactivation remains vital, fundraisers often overlook the importance of a timely second gift in cultivating essential multi-year donors.

In the data analysis we have performed for many clients, we are seeing second gift conversion for many donors (often 70%+) taking three, four or even five years. While it certainly is reasonable that a major donor has multi-year gaps between giving—though I would suggest that well-structured programs ought to encourage regular annual giving alongside periodic significant gifts even for major donors—if the majority of donors are not giving a second gift within 12 months, your organization may well find that a strong foundation of loyal donors is not merely stagnant, but shrinking.

The good news is that properly thanking, stewarding and cultivating new donors can be achieved using cost-effective, scalable techniques that can be self-sustaining with minimal staff time once implemented. I want to share 5 core principles that are essential to securing a donor's second gift:

1. Make your second ask quickly – Most organizations wait far too long to ask a donor for a second gift. The reality is that the sooner you ask, the more likely the donor is to respond positively. In addition, research shows time and again that the earlier you acquire a second gift, the higher the lifetime value of a donor. Ideally, that ask is occurring within the first 90 days of the donor's original gift, and this does not simply apply to direct response or annual fund donors. There is no reason a mid-level or major donor cannot be asked for a second gift quickly. Why not secure a smaller recurring unrestricted annual gift that deepens the donor's connection to the organization?
2. Steward First, Ask Second – Despite the desire to acquire the second gift quickly, we all know that proper stewardship is the key to cultivating long term donor loyalty. While we do want to ask quickly for the second gift, we do not want to do so at the expense of depriving the donor of the emotional ROI that comes from seeing the impact of their gift. Quick effective second asks require strong communication of the change the donor's first gift has made in the lives of those you serve. This communication should occur within 30-60 days after the initial gift and it should focus on the specific impact of the gift on individual lives, not

simply generic statements about progressing toward funding goals or intangible outcomes.

3. Prepare a donor for the second ask with the first ask – Poor fundraisers, like poor chess players, are not thinking far enough ahead. Every fundraiser should be thinking about a donor's lifetime value and how they play a long-term role in the vision of your organization, not an acquisition response rate or just getting that first significant gift. When we focus solely on immediate results, we focus on the wrong things and will increase donor fatigue. Simply put, if we are not connected to our organization's long-term vision and the role we all play in achieving that vision over time, how can we expect our donors at any level to be connected to that same vision? In addition, placing the first gift within the context of a larger vision provides a natural segue way from first gift (step 1 toward the vision) to Stewardship (celebrating the first step) to the second ask (taking step 2 in the journey). Long-term context is essential to revisiting loyal donors as they deepen their participation, and it begins with the first ask.

4. Create personalized incentives – Personalized incentives that speak to the donor's passion and affinity for your organization are invaluable in deepening the philanthropic relationship. Position specific engagement pathways that focus on those core pillars of your work that donors tend to embrace. Each pathway speaks to their specific interests around your organization while aligning them with the overall philanthropic vision. While strategies for recognition—like giving societies or clubs with certain benefits—can be effective tools, the real incentives are around inviting and involving your donors to participate in your organization in a way that resonates with their philanthropic passion.

5. Reduce friction – The last core principal in giving a second gift is simple, but not easy to execute. We often create significant amounts of friction for giving,

obstacles that deter donors from making a gift they may want to give. As discussed previously, lack of timely recognition or targeted stewardship can quickly dissuade an otherwise interested first time donor due to frustration from not understanding their impact. In addition, we sometimes erect significant organization-centric barriers to the ways in which the donor can give a gift due to internal policies that take little or no account of a donor's needs. The key is to allow donors to engage and give their gift via the payment methods, channel and terms that meet their needs. While gift acceptance policies are important to create boundaries tied to the organization's vision and values, within those strategic boundaries, we should not root the donor in bureaucratic technicalities around how we want to receive the gift.

These 5 core principals implemented within an integrated, holistic development strategy can have a profound and lasting impact on the lifetime value of donors. In addition, implementing these principles is one of the fastest ways your organization can impact your bottom line this year and for years to come.

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