Upending the Pyramid: Moving Donors to Mid Level Giving
Kristin McCurry

If you want to change the world, change your MIND
The *Convergence Continuum*

- **Mass Marketing**
  - Broadcasted
  - Measured on impressions
  - Salvation Army’s Space Ads

- **Direct Marketing**
  - More focused, but typically limited to RFM or other tool
  - Measured on response, etc.
  - ASPCA’s DRTV spots

- **Complex Direct Marketing**
  - Multi track and audience specific
  - Measured on DM stats but also audience specific metrics like upgrade, conversion, etc.
  - Click Squared’s Cadence and Channel Optimization

- **1:Some**
  - Personal elements of engagement and balance of ask/action and cultivation
  - Measured on Hard and Soft Metrics
  - MINDset direct's 1:Some Programs or DSG’s Concierge Program

- **1:1**
  - Personal relationship, often with face to face
  - Measured on “moves” or touches and resulting gifts
  - Capital Campaign for Ford’s Theater

---

**Value of Constituent Data Required**
**Ease of Execution Audience Size**

---

**Direct Marketing Association of Washington**
The Emergence of Mid-Level Giving Programs

• Increased competition in the marketplace
• Organizational mandates to create pipelines
• Demographic shifts
  – Changing donor expectations
  – Death and aging of traditional direct mail donors
• Suffering economy
  – Decreasing acquisition and multi year donor response / retention rates
  – Provided impetus for collaboration and looking across the donor continuum
Why a Mid-Level Program?

- Provide more committed donors with appropriate treatment
- Identify donors with the propensity and capacity to move up
- Solidify commitment from donors who are not going to move up but whose giving merits more engagement
- Utilize a combination of techniques from direct response and major gifts, providing a seamless transition up the donor giving ladder
  - Not simply increased postage and production treatments
What we’ll cover

- Creating a Plan
- Selecting Your Audience
- Communicating Effectively
- Stewarding Appropriately
- Measuring Success
CREATING YOUR PLAN
Keys to Success: Creating a Plan

• Structure
  – Cross organizational prioritization and communication
  – This includes direct response and all programs within DR, special events, donor services, marketing and communications
  – Close coordination with major gifts specifically
    • ensuring smooth migration of donors
    • Fill the pipeline within the capacity of the major gift officers
  – Utilizing materials and opportunities wisely and creating them with the idea of cross-promotion in mind
Keys to Success: Creating a Plan

• **Using Staff in a “Hybrid” program**
  – True blend of direct response and major giving/planned giving
  – Model options
    • Insource/outsource
    • Full time/part time
    • Departmental placement

• **Managing Donor Migration**
  – Audience selection
    • Cumulative and/or single gifts
    • Sustainers plus
    • Wealth indicators
  – Migration into the program
    • Trigger gifts
    • May be at acquisition and may be channel-dependent
    • Through demotion
  – Migration out of the program
    • Into major gifts and back to direct response
Donor Relationship Optimization

- **Mid Level Giving**
  - Trigger gift and audience definition
  - Increased investment
  - In-depth messaging, and consistency across channels
  - Mix of solicitation and automated cultivation
  - Analytical tools or models

- **Major & Planned Gifts**
  - Lead Qualification, Research, Analytics
  - One on One interaction
  - “Turnstile” of cultivation, solicitation, stewardship
  - Can utilize elements and touchpoints of the MD Prospecting Program
  - Influenced by capacity

- **Direct Response and Small Gift Fundraising**
SELECTING YOUR AUDIENCE
Keys to Success: Selecting Your Audience

Data Points to consider

• HPC with a Recency Factor
• Frequency vs. HPC in driving donor value
• Episodic Donors
• Cumulative giving’s role
• Origin of giving
• Involvement in other parts of the organization such as catalog, volunteering,
• Channel mix and preferences
• Sustainer vs. Membership vs. Appeal, advocacy c4 vs. philanthropic c3
• Premium vs. Mission
Keys to Success: Selecting Your Audience

– Don’t rule out lapsed donors – they may have fallen into The Gap
– New to File – fast track
– Consider a comprehensive measure like the “Value Threshold”
– Understand the capacity of your major gifts team
– Special Campaigns need special ask amounts
– Be comfortable with blank asks
Selecting Your Audience: Case Study

<table>
<thead>
<tr>
<th></th>
<th>$100-$249.99</th>
<th>$250-$499.99</th>
<th>$500-$999.99</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-12 Single</td>
<td>1,838</td>
<td>111</td>
<td>35</td>
<td>1,984</td>
</tr>
<tr>
<td>0-12 Multi</td>
<td>12,613</td>
<td>36</td>
<td>332</td>
<td>12,981</td>
</tr>
<tr>
<td>13-24 Single</td>
<td>678</td>
<td>1,177</td>
<td>13</td>
<td>1,868</td>
</tr>
<tr>
<td>13-24 Multi</td>
<td>2,494</td>
<td>192</td>
<td>60</td>
<td>2,746</td>
</tr>
<tr>
<td><strong>Total 2007</strong></td>
<td><strong>17,623</strong></td>
<td><strong>1,516</strong></td>
<td><strong>440</strong></td>
<td><strong>19,579</strong></td>
</tr>
</tbody>
</table>
Defenders: What Triggers the $100 Gift?

- Renewals and Appeals generated 50% of the $100 gifts
- Another 35% incepted at $100+ through Acquisition, Online, and Adoption Center.
- Donor must get to $100 within the 1st year or the rate of upgrade drops
- Remember that $100 ‘ain’t what it used to be’

<table>
<thead>
<tr>
<th>Source of $100 Gift</th>
<th>% of Donors</th>
<th>Total Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewals (Mail)</td>
<td>24.72%</td>
<td>5,111</td>
</tr>
<tr>
<td>Appeals</td>
<td>24.23%</td>
<td>5,037</td>
</tr>
<tr>
<td>Acquisition</td>
<td>13.79%</td>
<td>2,847</td>
</tr>
<tr>
<td>Online</td>
<td>13.50%</td>
<td>2,961</td>
</tr>
<tr>
<td>Adoption Center</td>
<td>7.61%</td>
<td>1,611</td>
</tr>
<tr>
<td>All Other</td>
<td>16.15%</td>
<td>3,041</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>20,608</strong></td>
</tr>
</tbody>
</table>
Defenders Use of a Wealth Overlay

- Already had overlay on file
- Segmented out Wealth Engine prospects to track performance
- Wealth Engine segments performed nearly 50% higher in response rate and nearly 33% higher in average gift.
- Tests included different creative (traditional, “freemium” and telemarketing)
Defenders of Wildlife – Wildlife Circle

- 30% growth in 2 years
- 50% gross revenue growth ($1.3mm to $2mm)
- Challenge – how to keep it going? How to integrate new strategically managed communications into the program?
COMMUNICATING EFFECTIVELY
Keys to Success: Communicating Effectively

Strategic Planning and Management

• Analyze what has and hasn’t worked for this audience in your standard DR program
  – 1/3 will likely be kept
  – 1/3 will likely be revised, customized, or tweaked
  – 1/3 will likely be repurposed and/or replaced with specialized campaigns

• Understand how they perform differently from your core audience
  – Seasonality
  – Special Appeals
  – Consider replacing a non performing appeal with a cultivation effort
Communicating Effectively: Case Study
Catholic Relief Services Beyond Crisis Initiative

- Audience: 4,500 middle donors. Single gift $1000, lifetime giving $5000+
- Multi touch campaign
  - Invitation with reminder card
  - Reminder calls from part time, mid-level CRS reps
  - Stakeholder’s conference call with CRS Africa expert
  - 6 page Follow Up Case Letter
Invitation letter

Because you are one of our most important friends, I want to invite you to participate in an important Stakeholders’ Conference Call later this month. I have asked one of our top experts on Africa, Steve Hilbert, to provide you and a select group of special friends with an update on the situation in Kenya.
Card enclosed for them to save with call info

Catholic Relief Services Stakeholders’ Conference Call

SAVE THE DATE!
THURSDAY, JUNE 15, 2006
3:00 P.M. EASTERN DAYLIGHT TIME

Join Steve Hilbert, CRS Africa expert, and a select group of concerned supporters for an informative conference call followed by a question-and-answer period. Return your RSVP today and save this card for dial-in instructions. Thank you.

To join the conference call, follow these steps:
1. Dial the toll-free number: 1-888-592-9602
2. You will be prompted to give a “participant access code” to the operator. The unique code is “CRS.”

If you have questions, please call Donna Adair at 410-951-7201 or e-mail dadair@crs.org. We look forward to talking with you!
East Africa is facing one of the worst droughts in 50 years. Nearly 3.5 million people in rural farming and herding communities, including 500,000 children, are in need of emergency food assistance.

The human crisis brought on by the drought in East Africa is really a symptom of a longer-term, deeper problem ... that the vast majority of people in this region live on the edge of poverty all the time. We MUST move beyond emergency food aid to long-term, sustainable development.

On June 15th, Steve Hilbert, one of CRS' top experts on Africa, shared his expertise on drought emergencies and water and sanitation programs. Steve told us how CRS is helping to pull these most vulnerable people back from the abyss of poverty. (Click on the link to the right to hear this groundbreaking briefing.)

"Close your eyes and picture a small mud house with four, or five, or six children..."

Help Now

This ambitious plan will help meet the needs created by the drought situation in East Africa, as well as similar CRS projects on five continents and in 99 countries.
Follow Up Case Letter Mails in 6 x 9 carrier
East Africa is facing one of the worst droughts in 50 years. Nearly 3.5 million people in rural farming and herding communities, including 500,000 children, are in need of emergency food assistance.

I hope you were able to accept my invitation to participate in the recent Stakeholders’ Conference Call with CRS expert Steve Hilbert.
The Results

Our faith reminds us that every human being is a precious gift from God. It doesn’t matter where they were born, or what color eyes they have or what language they speak. You and I are called to respond to our brothers and sisters in need in East Africa and throughout the world with every resource we can muster.

That’s why I’m praying you’ll decide to make an investment today in our Beyond Crisis Initiative, which will begin in East Africa and be replicated in other troubled regions. Our initiative has three main components, the first phase of which is already underway.

- **Response Rate**: 14.8%
  - 21% increase over prior year
- **Average Gift**: $863
  - 77% increase over prior year
- **Net Revenue**: $505,000
  - More than $300,000 above prior year
Keys to Success: Communicating Effectively

**Depth of message**

- Increased mission-related content, in depth program descriptions and stories
- Builds a solid case for giving that can focus on overarching strategic needs for the organization
- Acknowledges the donor’s level of commitment consistently
- Focuses on increased relationship-building
  - Bring donors closer
  - Access to staff
- Move them from ‘donors’ to ‘investors’
- Tell them about your big, audacious goals... they want to help you get there
- Higher level of access
  - To information (to give context)
  - To leadership (to give credibility)
  - To the work (to show impact and need)
- Create opportunities for two-way communication
Keys to Success: Communicating Effectively

• **Package Treatments**
  – Highly personalized
  – Oversized (official looking) Undersized (personal)
  – Paper clips and other ‘hand touches’
  – Closed face envelopes; handwritten
  – Goal: the donor should feel like it was prepared personally for him/her by someone in your office

• **Consider:**
  – Package treatment is only part of the formula
  – Depth of messaging
  – “Insider access”
  – Third party endorsements
  – Face of the organization
  – Channel mix
STEWARDSHIP
Stewardship: The most neglected function in fundraising

- Starts with a plan
- Thanks with relevance
- Provides opportunities for engagement
- Communicates impact
Keys to Success: Stewarding Properly

Program Balance
- Cultivation & solicitation
- Relevant info; format variety
- Channel/message integration

 Doesn’t have to be costly
- Leverage what exists
- Tier your program
- Quality not quantity

Document your plan
<table>
<thead>
<tr>
<th>Level</th>
<th>Newsletter</th>
<th>Monthly Mouthful</th>
<th>Annual Report</th>
<th>Handwritten Thank You Note</th>
<th>Regular tax thank you letter</th>
<th>Thank you call staff</th>
<th>Thank you call board member</th>
<th>Call or email from ED</th>
<th>Invite to Lunch or Tour at F&amp;F</th>
<th>Personal meeting (b-fast, lunch, etc. with staff or board)</th>
<th>Cooking Classes</th>
<th>Celebrity Chef Dinners</th>
<th>Chef's Best Comp &amp; VIP Tickets</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500 - $999</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,000 - $1,999</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,000+ monthly</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,000 - $2,499</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>selective</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>$1,000 - $2,499 event</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>selective</td>
<td></td>
<td></td>
<td>selective</td>
</tr>
<tr>
<td>$2,500+</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>selective</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Planned Giving - 1st year</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>selective</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planned Giving - ongoing</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>selective</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Keys to Success: Giving ‘em what they want

- Program balance
  - Balance of cultivation and solicitation
  - Deep information delivered in a variety of ways
  - Channel integration with singular messaging
Dear Ms. McCurry,

I've always felt that what we're helping.

By taking a suffer: possibility—in as little says love and comp

And I'm so glad of this change.

Together

summarized

helped account

Ms. Kristin McCurry
1700 N Jefferson St
Arlington, VA 22205-2817

OFFICIAL 2010 TAX RECEIPT
Please retain for your records

Annual contributions to date $240.00

Tax-deductible amount $240.00

Please notify Operation Smile of any discrepancy.

Bill Magee, D.D.S., M.D.
Co-founder and CEO

Operation Smile, Inc. is a charitable organization pursuant to Section 501(c)(3) of the U.S. Internal Revenue code.
No goods or services were provided by Operation Smile in return for this gift. Contributions are tax-deductible as permitted by law.

Yes! I want to help give smiles to waiting children in 2011.

I'm enclosing: $_______

☐ I am sending $240 to help provide a life-changing surgery for 1 child.

☐ I wish to make my gift by credit card.
   (Please provide information on reverse side.)

☐ I want to give monthly as an Operation Smile partner.
   (Please provide information on reverse side.)

☐ My employer will match my gift.
   (Please provide your company's matching gift form.)

Please make checks payable to: Operation Smile, Inc.
Dear Kristin,

Kathy and I — and all of us at Operation Smile — are so grateful for your loyal friendship and support this past year.

For your convenience, we have provided an online link to your 2010 Tax Receipt. Simply log in at taxreceipts.operationsmile.org to print out a receipt of your 2010 donations made through December 31, 2010.

As you review your receipt, I hope you take great joy in the true value of your gift. So many children have new smiles because of your generosity. In fact, over 18,000 lives have been changed this past year because of your support.

In 2011, we hope to reach more children and young adults around the world waiting for their chance to smile. Your gift today will help make the dreams of so many children in need come true.

Please help again today. Any gift you send will help give a child a new smile and new hope for a better life.

Thank you again for your support and commitment to Operation Smile.

Bill Magee
Co-founder & CEO

HOW TO ACCESS YOUR RECEIPT

To print out a receipt of your 2010 donations through December 31, simply log in at taxreceipts.operationsmile.org with your email address and partner ID. For your convenience, your information is below.

Email Address: kmccurry@minnetaredirect.com
Partner ID: WBC100119178

View Your Tax Receipt

Operation Smile | 6436 Tidewater Drive Norfolk, VA 23509 | 1-888-OPSMILE (1-888-677-6453)

This email has been sent to you at kmccurry@minnetaredirect.com. If your preferences have changed, you may unsubscribe at any time.

Operation Smile mobilizes a world of generous hearts to heal children’s smiles and transform lives across the globe.

A gift made through this appeal represents a gift to the entire Operation Smile mission. To help the most children, we use your gift where it can do the most good by pooling it with the gifts of others.
MEASURING SUCCESS
Keys to Success: Measuring Success

Hard Metrics

- Individual donor measurements
  - MINDset’s Donor Value Index - cost, average number of promotions
- Annual Value of Donor
- Prospects identified, migrated to 1:1 relationships
- Hybrid Staff Program
- Touchpoints
- Value of portfolio
- Overall Program
- Value comparison index - sub segment as it relates to the whole

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Core File Value/M Donors</th>
<th>Mid-Level Value/M Donors</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$16,451</td>
<td>$69,023</td>
<td>76%</td>
</tr>
<tr>
<td>February</td>
<td>$10,619</td>
<td>$137,830</td>
<td>92%</td>
</tr>
<tr>
<td>March</td>
<td>$10,816</td>
<td>$41,586</td>
<td>74%</td>
</tr>
<tr>
<td>April</td>
<td>$2,950</td>
<td>$20,246</td>
<td>85%</td>
</tr>
<tr>
<td>May</td>
<td>$16,474</td>
<td>$86,348</td>
<td>81%</td>
</tr>
<tr>
<td>June</td>
<td>$12,517</td>
<td>$69,829</td>
<td>82%</td>
</tr>
<tr>
<td>July</td>
<td>$24,783</td>
<td>$203,605</td>
<td>88%</td>
</tr>
<tr>
<td>August</td>
<td>$22,352</td>
<td>$222,259</td>
<td>90%</td>
</tr>
<tr>
<td>September</td>
<td>$48,848</td>
<td>$411,082</td>
<td>88%</td>
</tr>
<tr>
<td>October</td>
<td>$10,400</td>
<td>$44,156</td>
<td>76%</td>
</tr>
<tr>
<td>November</td>
<td>$6,975</td>
<td>$45,940</td>
<td>85%</td>
</tr>
<tr>
<td>December</td>
<td>$8,355</td>
<td>$58,041</td>
<td>86%</td>
</tr>
<tr>
<td>January</td>
<td>$5,997</td>
<td>$37,467</td>
<td>84%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>$15,195</strong></td>
<td><strong>$111,339</strong></td>
<td><strong>86%</strong></td>
</tr>
</tbody>
</table>
# Measures of Success

<table>
<thead>
<tr>
<th></th>
<th>FY 09</th>
<th>FY 10</th>
<th>% Change FY09 to FY 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg Gift Per Donor</td>
<td>$360.41</td>
<td>$504.76</td>
<td>40.05%</td>
</tr>
<tr>
<td>Number of Gifts Per Donor</td>
<td>5.19</td>
<td>5.56</td>
<td>7.12%</td>
</tr>
<tr>
<td>Average Annual Value per Donor</td>
<td>$1,871.34</td>
<td>$2,805.44</td>
<td>49.9%</td>
</tr>
<tr>
<td>Total Annual Value of Donors in Program</td>
<td>$7,225,226</td>
<td>$10,946,819</td>
<td>51.51%</td>
</tr>
</tbody>
</table>
Keys to Success: Measuring Success

Soft Metrics
• Prospects Identified
• Gifts Secured
  – Soft credit
• Planned Gift Commitments
• Shared Goals across Development