

Standards of Conduct for Nonprofit List Rentals & Exchanges

TABLE OF CONTENTS

Introduction and Purpose	3
Clearances & Purchase Orders.....	3
Pricing of Lists & Related Charges.....	5
Terms of Usage	6
Data/List Retention	7
Modeling & Enhancement	7
Accuracy of Datacards and Promotional Materials	8
Payment Procedures.....	8
Data Hygiene and Donor Privacy & Rights.....	8
Data Security	9
Digital	9
Summary	10
Supporting Parties.....	10

Introduction and Purpose

For several decades, direct response fundraisers have participated in, and benefited from, the system of exchanging and renting donor files. These open and dynamic relationships are founded upon a mutual covenant of trust, honor and ethics. Over time, many practices have become commonly accepted as industry standard and most veteran list professionals, fundraisers, database providers and other participants are aware of these “rules of the road.”

Today, we face two challenges. First, the historical knowledge carried by our industry’s founders is at risk of being lost or misconstrued as new professionals enter the industry.

Secondly, these best practices and ethical standards were chronicled in 2008. As technology evolves and the challenges associated with cost-effective prospecting increase, new techniques are being employed and these *new* practices should be considered in the context of fairness to all parties.

They must protect the rights of the list owners while allowing for mailers to take advantage of new technologies and innovation, all the while still protecting the interests of the donating public.

The purpose of this document is to update written understanding that all list brokers, list managers, nonprofit organizations, agencies, and other related parties are strongly encouraged to abide by as commonly accepted “Standards of Conduct for Nonprofit List Rentals and Exchanges.”

These “Standards” are not legally binding, however the purchase orders and rental agreements entered into by the list brokers, managers, nonprofit organizations, agencies and other related parties are.

In designing these standards, we have attempted to record and preserve the best practices of the past and present while allowing for and encouraging future innovation and creativity to further the causes of the nonprofits we serve.

Our position is to advocate for the rights of list owners (most of whom are nonprofit organizations) and to simultaneously accommodate the need for direct marketers to be effective in their fundraising strategies. We do so with full regard for the privacy interests of the general public.

Deviations from these standards will, of course, occur, but only if both parties agree to the altered terms and only if the deviations do not violate other ethical or legal requirements.

Clearances & Purchase Orders

Every attempt should be made by list managers and owners to provide the list broker with a response to a clearance request within seven (7) to ten (10) business days of receipt. Every test clearance or order must be accompanied by a sample mail piece and managers may request samples for any continuation order. If the mail piece changes for continuation orders the broker should submit an updated sample with the clearance or order. If a sample is not ready in time for pre-clearance, the list manager may choose to accept or decline the order once the sample is received.

The first time that a mailer requests usage of a file, if tax exempt status is needed, the organization must provide a copy of their EIN (employer identification number) letter from the IRS or equivalent proof of their federal and state tax status. If the mailer is not a tax exempt organization, this should be stated on the clearance.

Brokers should not intentionally over-clear to an extent that can be reasonably expected to result in wasted efforts due to unplaced orders. The recommended standard is to clear no more than 115 percent of your intended mail-volume. Brokers should promptly notify the list manager and release the mail dates of lists that will not be used.

Purchase orders should be placed for every rental or exchange. Approval or denial of orders that have not been pre-cleared should occur within five (5) business days of submission. An industry standard time frame from receipt of order to delivery to service bureau for list cutoff is seven (7) to ten (10) business days.

The clearance process is the time to note any intended deviations from these Standards. In lieu of knowledge of deviations during the list clearance phase, the purchase order should provide notation of intended deviations. Notification of deviations should be in a clear and easy to read location. However, it is also recommended that the list broker contact the list manager directly to inform them of any deviations when possible. Brokers or list users must provide reasonable notice of deviations in some fashion or list managers have a right to assume compliance with these standards. Deviations are anything that falls outside of the existing list rental agreement, and represent the use of the names beyond the traditional processing for merging and mailing the approved package(s). Random allocation is the standard and we encourage notification of merge prioritization. Other deviations must be discussed and approved, as described throughout this document, including, but are not limited to, the following:

- Modeling
- Merge optimization
- Digital advertising serving – using cookies or other tool
- Email appending and messaging
- Telemarketing

It is the responsibility of list users to ensure compliance with these requirements when managing relationships with their vendors such as modelers, analysts, etc.

Approved mail dates are valid on any date within the standard week of the requested mail date. A standard week is defined as Monday through Friday of the week in which the requested mail date falls. A mailer who intends to mail outside of the standard week defined should clear a range of weeks to encompass all anticipated drop dates.

Pricing of Lists & Related Charges

All pricing of lists will be determined by list owners based on a free market. Each list and select, or segment thereof, has a unique value that can best be determined by market forces.

Exchange volumes are based on gross names shipped when calculating exchange balances, unless otherwise agreed upon between both parties.

There are no standard net name arrangements for exchange orders. Net name arrangements are typically issued for rental orders of 50,000 names or more at a standard net name discount of 85 percent. To be considered for net name arrangements, the computer verification-merge report (“CV”) provided must indicate that the merge was random for outside lists. For the purpose of calculating net name deductions, suppression files should consist of no more than 0-48 month house files. This does not limit in any way the suppressions that may be used by a mailer, except with regard to determining net name deductions. Therefore, suppressions beyond 48 months should be logged separately on the CV so as to facilitate accurate reconciliation by managers and brokers. Deviation from this standard risks the list broker’s ability to negotiate for future improved terms for their mailers.

If an “all available” order quantity comes in higher than the agreed upon net threshold and/or if a mailer increases the volume of names needed in excess of the net threshold on a list at the point at which the orders are being processed, the standing negotiated net name arrangement should be requested by the broker.

There is a history of professional courtesy in our industry and while it remains at the manager’s discretion to disallow net name agreements that were not requested at time of order, it is encouraged—for the good of both the mailer and the owner—for the manager to extend professional courtesy and process back-end discounts that are legitimate requests.

Orders cleared for reuse are understood to mean that all names provided into the initial merge will be reused in a subsequent merge. Orders cleared for net reuse are understood to mean that only the output names from the initial merge will be input into the secondary merge. Orders cleared for net-net reuse are understood to mean that the mailer will only pay for the names that are output from the secondary merge. A CV must be provided for both rental and exchange orders if a reuse is in effect.

Minimum name charges may be assessed to cover the fixed costs of processing orders. The accepted minimum volume is 5,000 names.

Standard allowable rental deductions for which mailers do not have to pay include:

- Conversion drops
- Deceased
- DMA Mail Preference Service (aka DMA Pander file/DMAWchoice matches)
- Errors
- Intra-file dupes
- NCOA undeliverables
- Prison matches

- No five digit Zip
- Non-personal addresses (only if noted on PO)
- Non-DPV compliant
- Geographic omits (pre and/or post NCOA) as indicated on the order
- Prior order omits, if requested

The general rule for rental deduction allowances is that if a name is mailed, it gets paid for. If it is not able to be mailed due to any of the criteria above, it is eligible to be considered as a standard deduction and does not count against net name arrangements.

Names matching chronic non-responder files, co-op databases, or other aggregated list sources are not treated as standard deductions, drops, or granted discounted pricing. Further discussions on these topics beyond deductions for payment can be found in the Modeling & Enhancement section of this document.

Mailers are required to provide a CV with payment for all rental orders to verify standard deductions, to provide evidence as to the case for granting net name arrangements, and to generally assist with auditing of compliance to these standards.

Terms of Usage

All lists, provided on exchange or rental, are for a one-time mailing usage. If a name appears on two or more non-house file lists, it is deemed a multi-buyer. Multi-buyers may be mailed one subsequent piece per occurrence at no additional charge if the list manager/owner has been notified on the purchase order. Multi-buyers may only be mailed the same number of times as the number of lists they appeared on in the merge. For instance, if a name appears on three outside lists, it may be mailed three times in total including the initial drop. Multi packages must be the same as the approved main package unless specifically approved by the list manager.

Contacts may only be used for the channel for which they were authorized and it is not acceptable to use the contacts for other purposes unless authorized by the list manager or owner. Other purposes include but are not limited to, telemarketing, email, digital advertising, cookie use, email appending, Facebook, Twitter and other social media usage, and any other contact not directly authorized by the agreement.

As modeling and post-merge services become more commonplace, their use will be clearly stated on the purchase order. The responsibility will be on the list owner to deny the use of modeling or post-merge services.

We encourage List Rental Agreements to be regularly updated.

Cancellation is never encouraged, however in the event that list cancellation is required the following terms are considered standard:

- If a list is cancelled before it has shipped there is no charge;
- If the list is cancelled after it has shipped, cancellation and running charges may be incurred;
- If the list is cancelled after the merge all names must be extracted (including multis) and, again cancellation fees may apply;
- If a list is cancelled after the mail date, the client pays full price.

Data/List Retention

After a list has been processed through merge purge, there are limited and specific purposes for which the data may be retained.

The data may be retained for the following purposes:

- Finder file
- Match-backs
- Chronic non-responders
- Mail file models
- Zip or Geo modeling
- Trend analysis
- Prior mailing suppressions

Data cannot be reused without permission from the data owner. A file may be ordered on a reuse basis, and all of the rules of ordering the first time still apply.

However, data cannot be retained, matched or flagged to educate and inform a database. Data retention is not for the purpose of supplementing or enhancing any database. This type of data retention is considered theft.

Modeling & Enhancement

For the purposes of this document, modeling is defined as a strategic process for tracking and utilizing response data to make predictions about the success of future campaigns and/or data performance. Modeling has become a standard practice in our industry. However, each data owner has the right to place restrictions on its usage and certain permissions are needed.

When modeling is done by cooperative databases, private prospect databases, or any other party, the following permissions and notifications are required:

- Acquisition mail file models require upfront permission from all data providers.
- Cross-member models require permissions from both data owners.
- Any post-merge work, such as merge optimization and optimized ask-string, require notification, which may be in the standard list order.

Accuracy of Datacards and Promotional Materials

The accuracy of datacards is paramount to allowing list brokers to make informed decisions for their clients. List managers should ensure that any publicly available datacards are accurate. These include datacards on the major datacard systems, on company websites, printed materials, etc.

Datacard items which must be clear and accurate include:

- The date the fulfillment file was last updated – “updated monthly” is not sufficiently specific.
- The date the datacard was last updated with current counts.
- The dollar range included on each segment – both upper and lower dollar limits should be published.
- The recency included on each segment “Actives” is not acceptable. A specific recency must be included, such as “0-6 mos”.

If reciprocal pricing policies are utilized (whereby a list owner/manager alters published rates on a case by case basis to reflect the same rates charged by the other party) this policy must be noted on the datacard.

Payment Procedures

The standard term of payment to list managers in our industry is 60 days from mail date.

Data Hygiene and Donor Privacy & Rights

The privacy rights of donors are central to our ability to continue to attract new donors to fulfill the vital missions of the nonprofits we serve. List owners must provide an opt-out opportunity to each donor at least annually. All nonprofits, list professionals, service bureaus, and other related parties are ethically bound to act in a manner that first and foremost respects stated donor intent or preferences.

List owners must make all reasonable efforts to abide by the DMA and USPS regulations regarding best practices for data hygiene. It is not in the best interests of the list owner to knowingly provide inaccurate or “dirty” data to mailers. This includes the DMA privacy promise, and the AFP Donor Bill of Rights.

In the event that a list broker learns of a donor requesting to opt out of mailings as a result of their mailer’s use of the file, it is in the industry’s best interest for the broker to share this knowledge with the list manager. The list manager in turn should advise their list owner for proper flagging of the name.

When shared with third parties, donor data needs to be formatted to clearly distinguish permissible data use; any donor data that is prohibited from use should be excluded from shared file(s).

Data Security

Any party who handles another party's data will ensure that the preferred data security practices are followed.

All data received by a third party shall be treated as confidential or proprietary and third party agrees not to make disclosure of said data except solely for the purposes agreed. Third parties also must protect data received with the same degree of care as they use to protect their own confidential information against unintended disclosure, but in no case with any less degree than reasonable care. Third party also agrees not to disclose data received to any personnel or representative of third party other than those for whom such knowledge is essential for the purposes agreed and such disclosure to them shall be made only under conditions of strict confidentiality.

Each party shall use every reasonable endeavor to ensure that its employees, agents, contractors, or any other persons having access to any data shall observe the obligations contained herein. In the event of any loss or unauthorized disclosure of data, third party shall immediately notify the owner of the data in writing.

Digital

Digital advertising & multi-channel marketing in acquisition is still considered new and is not yet the norm for the nonprofit market. While we understand this market is changing daily and that the standards are going to change faster than any other part of the document, these are our best recommendations in this space at this time. In all cases, email rentals and appends must comply with regulations implementing the CAN-SPAM Act of 2003 that apply to nonprofit organizations.

As a standard, every list rental is presumed to be for a one-time direct mailing usage only and cannot be used for any kind of online advertising. Online Advertising would be defined as matching the prospect name and address to a pixel, cookie or other identifier which would enable online tracking of the prospect. This also includes the use of mobile device ID's for advertising via mobile phones. Such activities include but are not limited to:

- Online List Activation
- Target Display Advertising
- Mobile Advertising
- Mobile Text Messaging

However, depending on individual list owners, it has become standard practice to make email addresses available for list rental but only when the list owner approves and shares their donor/constituents/member email address data. It is not standard practice to append email addresses to outside list sources to create a multi-channel campaign without prior consent from the list owner.

Summary

Adherence by all parties to these Standards should result in a realization by nonprofits and the public that direct response fundraisers continue to operate in an transparent and ethical manner with regard to handling donor information.

Compliance with these Standards will also reduce confusion, align expectations and obligations of all parties, and serve as continuing guidance for appropriate and ethical business practices in our industry. Furthermore, adoption and compliance of these Standards will serve as evidence of proactive self-regulation within our industry which may dissuade regulatory efforts by outside parties or government.

The list industry, and broader nonprofit community, has historically done a remarkable job of self-regulation. The goal of these Standards is to codify the commonly accepted standards of business for clarity, consensus, transparency, and to guide future generations of nonprofit professionals.

Currently the list industry and our nonprofit clients self-enforce ethical violations by denying access to lists and refusing to do business with known offenders. We expect that enforcement of the above Standards is most practically achieved by continuing to rely on this proven system and by leveraging the power of industry consensus and leadership by example. Two ways to strengthen this system are to encourage increased communication between broker/managers about specific instances of questionable practices, and to periodically revisit these Standards to ensure their continued adequacy and effectiveness.

It is our recommendation that the list industry formally reviews and updates these Standards as necessary but at least every five (5) years.

Supporting Parties

ALC
Atlantic List Company, Inc.
Avalon Consulting Group
Belardi/Ostroy
CELCO
Chapman Cubine Adams + Hussey
Conrad Direct, Inc.
Consultant
DonorBase
Epsilon
Key Acquisition Partners
MMI Direct
Names in the News
NFL Lists
OMP, Inc.
RMI Direct Marketing
Robertson Mailing List Company (RMLC)
Wiland

Britt Vatne
Maia Worden
Jamie Natelson
Jeanette Cassano
Barbara Sims
Pete Carter
Thomas Colwell
Liz Kincheloe
Bruce Demaree
Jennifer Honadel
Patrick Frame
Charlie Rice
Denise Hubbard
Diane Hardy
Tammy Marinucci
Taffy Maffucci
Vickie Norman
Dan Wells