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# Understanding What Motivates Donor to Give: Applying New Strategies for Cultivating Relationships with Donors

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UNDERSTANDING WHAT MOTIVATES DONOR TO GIVE:  
APPLYING NEW STRATEGIES FOR CULTIVATING RELATIONSHIPS WITH DONORS

BY

NATALIE J. FISCHER

BFA, Binghamton University, 2011

CAPSTONE PROJECT

Submitted in partial fulfillment of the requirements for  
the degree of Masters of Public Administration in the Graduate School of  
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## **Executive Summary**

In 2011, ACCORD, A Center for Dispute Resolution, Inc. lost 54% of its funding which caused major organizational changes, making it difficult to implement better donor development strategies. In the 2011-2012 fiscal year, donations from individuals made up only 1% of ACCORD's revenue.

To assist ACCORD with donor cultivation and gaining more individual contributions, I conducted nine telephone interviews with its current and past donors to examine donor motivation and five interviews with other community dispute resolution centers (CDRCs) in New York State to examine other donor development strategies. Based upon thematic analysis, seven findings emerged from the data. I found that many CDRCs are providing interested donors with organizational updates, they are often including stories in donor appeal letters, they are communicating with donors in a variety of ways, and all CDRCs interviewed obtain between 2% and 7% of their total revenue from individual contributions. The findings also showed that a majority of the donors interviewed have only a basic idea of the kind of services ACCORD provides and yet were motivated to give because they thought ACCORD provided an important service to the community, effective communication with donors creates longer-lasting relationships, and different donors want different levels of information and vary in how they would like to receive information from ACCORD.

The findings resulted in four recommendations that ACCORD may choose to implement. These recommendations include focusing on staying visible to interested donors and continuing to move forward with the newsletter, incorporating a unique story in each appeal letter about how ACCORD has made a difference in the community, focusing on maintaining better donor record keeping and placing more organizational emphasis on obtaining individual contributions.

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### **Problem Definition**

Donations from individuals are a key source of revenue for many nonprofit organizations. In 2010, 13% of all revenue sources for reporting nonprofits was from individual contributions with human service nonprofits receiving only 12% of those contributions, creating an increasingly competitive market for fundraising (Blackwood, Roeger, & Pettijohn, 2012). ACCORD, A Center for Dispute Resolution, Inc. is a local human service nonprofit in Binghamton, NY, that offers mediation services and advocacy for neglected and abused children. ACCORD's annual donor appeal letter accrues only 1% of its revenue and other private donations make up about 0.5% of its revenue. The organization has struggled to increase its fundraising effectiveness and was crippled in 2011 after a substantial cut from one public funding source. Since adjusting to the major organizational changes resulting from the budget cut, ACCORD is taking more initiative to improve its donor development. It would benefit from preparing a more effective donor development plan in order to cultivate the organization-donor relationship.

Prior to the budget cut in 2011, ACCORD's donor development process included sending an appeal letter once a year, without sending follow-up letters. For the five years preceding the 2011-2012 fiscal year, the donor appeal process yielded between \$1,240 and \$1,850—less than 0.5% of the budget at the time. The previous Executive Director, Richard Squire and the Board of Directors recognized ACCORD's weak donor development process and began implementing new initiatives during the 2012-2013 fiscal year. The new donor development plan involves sending the annual appeal letter, thank you letters to those who donated, and follow-up letters to non-responders. Current board members also reach out to past board members with personal "save the date" cards and invitations for ACCORD's annual fundraising event. Lastly,



ACCORD has plans for a bi-annual newsletter. To date, ACCORD has followed through with all of these donor development initiatives, with the exception of meeting the newsletter's first deadline in the fall.

Although ACCORD is making improvements to its donor development, current Executive Director Kacey Ellsworth is concerned with making sure that both board and staff members fully understand their role in the process (personal communication, October 11, 2012). For example, how quickly should thank you letters be sent to donors? While formulating a new plan of action was a great start, continuing to develop more detailed strategies and keeping the staff informed about these strategies are also necessary.

Traditionally, ACCORD has relied on one funding source for the majority of its revenues. The 2011 budget cut from this source resulted in a 54% decrease in the overall budget, significant layoffs and reductions in staff hours: six staff members were laid off, and the remaining eleven staff members voluntarily reduced their hours (R. Squire, personal communication, October 11, 2012). If ACCORD is able to raise more money through donations from individuals, it may be able to mitigate other funding losses. It is also imperative that ACCORD diversify its funding sources in order to avoid these situations in the future. If ACCORD implements an effective donor development plan that cultivates new and long-term relationships with donors, it will increase income and ultimately diversify the sources of revenue.

ACCORD is not the only nonprofit organization struggling with financial sustainability. Policy makers, nonprofit leaders, and scholars have suggested that financial sustainability is a problem facing many organizations across the nonprofit sector. As the nonprofit sector continues to grow, "nonprofit managers are finding they must work harder at providing high-quality services to clients, increase outreach to their communities, and demonstrate

accountability to their stakeholders” (Van Slyke & Brooks, 2005, p. 200). In order to meet these demands, an increasing challenge for nonprofits is finding ways to accumulate more money. Consequently, nonprofit leaders are becoming increasingly aware of individual contributions, considering they are a substantial source of “unearned” income in the nonprofit sector (Van Slyke & Brooks, 2005). Unfortunately for struggling organizations, this “unearned” income is not easy to obtain. In addition to the unpredictable and unstable nature of individual contributions, the rapid proliferation of nonprofit organizations has only increased competition for all avenues of revenue sources (Froelich, 1999). If ACCORD can gain a comprehensive understanding of how to obtain these donations more effectively, it can capitalize on individual contributions.

To help ACCORD achieve this goal, my capstone will examine ACCORD’s current and previous donors. The research will assess donors’ motivation for giving and what type of organization-donor relationship is needed in order for donors to remain loyal to ACCORD. This research will also examine donor appeal practices of other community dispute resolution centers (CDRCs) in New York State. Findings from this project will be used to create a more effective donor development plan for ACCORD, including how to cultivate long-term donor relationships and obtain higher revenues from donations.

### **Literature Review**

In 2010, nonprofit organizations in the US received over \$290 billion in donations, with \$211 billion of the contributions donated by individuals, according to the Giving USA report (Tschirhart & Bielefeld, 2012). Although these are promising figures for the nonprofits soliciting individual contributions, organizations still have to compete for donors. Studies on nonprofit revenue strategies show individual contributions to be “unpredictable and unstable”

(Froelich, 1999, p. 250). An understanding of what motivates donors to give and how organizations are soliciting and cultivating relationships with its donors will benefit nonprofits seeking more effective donor development processes. This literature review will provide a detailed overview of the factors that influence donors' motivation to give and how nonprofit organizations can capitalize on that knowledge.

### **Relationship Management**

Relationship management is the concept of a nonprofit communicating effectively with donors, resulting in a long-lasting, loyal relationship (Polansky & Sargeant 2007; Sargeant, 2001a, 2001b; Waters, 2009). Relationship fundraising, relationship marketing, and customer relationship management are all common terms used across the literatures to describe this organization-donor relationship. Several studies suggest that nonprofits must pay special attention to the individual in the interest of uncovering what motivates him/her to donate (Éva, 2010; Polansky & Sargeant 2007; Sargeant, 2001a, 2001b; Waters, 2009). Whether a nonprofit is seeking corporate or individual donations, the potential donor they need to convince is individuals. For example, the owners and executives of companies should not be underestimated because they will act as "individuals" when deciding on corporate donations (Éva, 2010). When an organization understands what motivates the individual donor, it can select the appropriate fundraising technique.

The idea of building loyalty and considering how donors' needs and interests may shift over time to manage long-term relationships is often referred to as donor lifetime value (Tschirhart & Bielefeld, 2012). Another way to think about donor lifetime value is to calculate the lifetime value (LTV) in the case of an individual donor to a nonprofit organization. For example, LTV can be used to identify appropriate donors with whom the organization should

invest in a relationship (Sargeant, 2001b). LTV can play a critical role in the development of a relationship fundraising strategy.

Nonprofits may also consider adopting e-relationship marketing strategies by harnessing the power of e-mail, the Internet, and web site design and operation to cultivate and manage donor relationships (Olsen, Keevers, Paul, & Covington, 2001; Sargeant, West, & Jay, 2007). According to a recent study on U.K. nonprofits, web sites that give users the option of donating, detail how donated funds have been and will be used, and educate donors about how their contribution has made an impact (Sargeant et al., 2007). However, another study on the use of watchdog organizations online contradicts the argument for the necessity of accountability and education on a nonprofits' Web site. The study shows that 78% of average donors do not consult an online resource before giving. Cnaan, Jones, Dickin, and Salomon (2011) conclude from the data that, "when donors have little to lose, they seek little information" (p. 392). Aside from web site design, an additional e-relationship strategy is to employ e-mail communication for donor acquisition. Sending personalized, visually appealing e-mails consistently will help build relationships with donor populations whom prefer e-communication. E-relationship management gives nonprofits the opportunity to build more bridges with an additional donor population, resulting in increased individual donations (Olsen et al., 2001).

The foundation of any loyal relationship begins with trust and commitment. Donors want to trust that the organization will use donations wisely and if the donor believes the relationship is worth the time, they will be more willing commit their resources (Éva, 2010; Sargeant, Ford, & West, 2005; Waters, 2011). A study on giving behavior found that a nonprofit's performance and communication with donors significantly impacts donor trust; which can indirectly increase donor commitment (Sargeant et al., 2005). If nonprofits can strategize a way to gain donors'

trust by improving its performance and communicating effectively, it has a better chance of committing donors to give every year, therefore cultivating long-term relationships.

### **Donor Motivation**

Altruistic and self-serving motives are the two main reasons why people donate to nonprofits. Altruism, an intrinsic motivation, refers to for unselfish reasons people are motivated to donate, such as: genuine interest in supporting the cause/mission of the organization, the “warm glow” they may feel from contributing, and a sense of community (Brown & Slivinski, 2006; Cnaan, et al., 2011; Shen & Tsai, 2009; Van Slyke & Johnson, 2006; Young, 2010). Studies show that a majority of individuals who volunteer are more likely to donate than those who do not volunteer. By giving their time, volunteers already demonstrate their interest to the organization’s mission and therefore should not be overlooked as potential donors (Van Slyke & Brooks, 2005; Van Skyle & Johnson, 2006). Alternatively, some individuals donate for selfish reasons, or extrinsic motives, such as: receiving tax benefits, receiving social recognition, and avoiding the guilt from choosing not to donate (Shen & Tsai, 2009). It is the organization’s job to identify an individual’s motive and strategize based on this motive to appeal to the individual. For example, the nonprofit “can appeal to warm glow by communicating the virtue of their work, the good reputation of the organization, and by recognizing the donors’ particular contributions” (Young, 2010, p. 490). Appealing to the donor’s motivations is important in obtaining individual contributions.

### **Solicitation Techniques**

In addition to understanding why individuals give, understanding the difference between acquisition (or new) appeals and renewal appeals when soliciting potential donors is important. Bekkers and Crutzen (2007) conducted a controlled experiment in the Netherlands testing the use

of colored pictures on envelopes and its effect on renewal donors. The results suggest that nonprofits should use a plain envelope to avoid critical attitudes about high fundraising costs. A different study used a Solicitation Response Model which found that attractive designs and emotionally suggestive envelopes had a stronger effect on new donors' intentions to donate than it did on renewal donors' intentions (Diamond & Gooding-Williams, 2002). Ultimately, it requires fewer resources to solicit renewal donors than it does for new donors. Nonprofits must convince acquisition donors to support its cause, whereas renewal donors have already been convinced once. Getting the renewal donor to keep donating every year is when relationship management comes into play.

Based on this literature review, relationship management, donor motivation, and solicitation techniques are all critical factors in the donor development process. Many of the ideas discussed relate back to cultivating the organization-donor relationship and should be carefully considered when nonprofits are formulating strategies for increased donations.

## **Methodology**

### **Data Collection**

To examine what motivates donors to give to ACCORD, I conducted semi-structured telephone interviews with current and past ACCORD donors. To examine the organization perspective of the donor development process, I also conducted semi-structured telephone interviews with representatives from similar CDRCs in NY State. I chose to interview multiple populations in hopes of gaining more comprehensive results. ACCORD gave me a list of current and past donors, as well as a list of CDRC representatives to contact. Prior to contacting any participants, Binghamton University's Human Research Review Committee approved this project to ensure sound ethical practices. See Appendix A for a copy of the approval letter. Over

the course of the data collection period from March 22, 2013, to April 3, 2013, I conducted a total of fourteen interviews with four current donors, five past donors, and five CDRC representatives.

I received a list of current and past donors from ACCORD which contained donor addresses, the amount donated, and in what year. Using this list, I looked up each donor's name and address in the phone book to obtain phone numbers. I removed any donors from the lists for whom I could not find a phone number. I also removed donors who were ACCORD staff or board members as well as donors who were friends and family of ACCORD affiliated persons. I did not want to interview these individuals because their motivations to donate are likely to be different than individuals who do not have close ties to ACCORD, the target population for ACCORD's donor development efforts. The final list contained contact information for 22 current donors and 56 past donors. In Microsoft Excel, I used the random number formula to assign each donor a number and sorted the list from the lowest to highest number. Starting from the donors assigned to the lowest numbers, I worked my way up calling each donor until I reached the donors assigned to the highest numbers. Using the CDRC representative contact list, I emailed fourteen CDRC representatives informing them that I would be calling them soon to conduct interviews about their organization's donor development process. Representatives who emailed back expressing their willingness to participate or to set up interview appointments were interviewed first, and representatives who did not respond to my email at all were called randomly thereafter. All representatives who emailed me back expressing their unwillingness to participate were removed from the list of potential participants.

Each interviewee verbally consented to participate before I began the interview, and I promised the interviewees that anything we discussed would be kept confidential. I consulted

relevant literature when designing my interview questions for current and past donors. I asked seven open-ended questions to current and past donors, with slight variations between the two categories of participants. The interviews lasted approximately five minutes each and assessed how much information each donor knew about ACCORD's services and what he/she would like to know more about in the future. I asked current donors questions to understand what steps ACCORD should take to keep them as loyal donors, whereas I asked past donors why they decided to stop donating to ACCORD. I also posed eleven open-ended questions to CDRC representatives to discuss how their organization approaches donor development and to estimate their organization's annual expenses and revenues resulting from donor development. These interviews ranged from 30 to 60 minutes in length. For the complete interview instrument on the three different categories of participants, see Appendix B.

Using telephone interviews was the most appropriate research method to learn the perspectives of donors due to the lack of contact information ACCORD had from its donors. An online survey was not possible without email addresses, and with the small sample population, traditional mail surveys would most likely have had a very low response rate. Telephone interviews were also the most appropriate research method for collecting data from CDRC representatives. It is more convenient and efficient to interview the participants by phone, as opposed to traveling to the various locations in New York, resulting in the use of more resources and time. Additionally, with the small sample population of CDRC representatives, the use of online surveys or traditional mail surveys would have most likely also resulted in a low response rate. By conducting semi-structured telephone interviews, I was able to gain more detail from open-ended questions and it allowed me to pose follow-up questions when necessary. It also allowed me to explain any questions that were not clear to the participant and to give any



background information when necessary, which would not be possible in a survey. Lastly, another advantage of a telephone interview is that the participant is able to be more comfortable in his/her own environment.

In addition to conducting interviews, I collected eight annual reports and sixteen 990 forms for New York State CDRCs as secondary data by using the online Charities Bureau Registry Search and the GuideStar search engine. I used these documents as an attempt to determine what the distribution of revenue is like to the different CDRCs in New York. Ideally, this data would provide an accurate picture of how much CDRCs are receiving from donations relative to their budgets in order to assess whether ACCORD's situation is unusual or not. This data could also be used to set a more realistic goal for the revenue ACCORD generates from individual contributions.

### **Limitations**

There are some concerns about the representativeness of my sample. The first limitation relates to my donor sample. After removing a considerable number of donors from the list due to lack of phone numbers and personal relationships with ACCORD, the sample population decreased dramatically. These alterations not only decreased the sample size; it also left out potential participants who are not listed in the phone book or may have moved since their last donation to ACCORD. As a result, the donors I interviewed may not be representative of the entire ACCORD donor population. I am also concerned that the other CDRCs' processes may not be appropriate for ACCORD. One cannot assume that just because an organization is similar in size or budget, its donor development process can be successfully applied to any CDRC. Unfortunately, these threats cannot be minimized.

Besides the sample representativeness, there are also limitations based on the representativeness of New York State CDRC's annual reports and 990 forms. Although both websites provide a large amount of information about nonprofit organizations, they can only give users the information provided to them by the charity itself. Therefore, not every CDRC will have provided its annual report. This can leave considerable gaps in the data and will not be representative of all CDRCs. Additionally, the most recent annual report and 990 are different for each CDRC, as some documents are older than others. Examining documents based on different fiscal years may not be representative of what CDRCs have done recently.

### **Data Analysis**

I separated the data from the interviews into two categories: donor and CDRC representatives. Using the detailed notes taken from each interview, I analyzed the data with a thematic coding technique by identifying patterns within each narrative. With the donor data, I looked for topics related to donor motivation and retention and communication with donors. I also compared responses of current and past donors on some of the topics discussed in the interviews. With the data from CDRCs, I looked for topics related to the information they are providing to donors, how they are reaching out to donors, and how much revenue they are receiving from individual donations. This process allowed me to connect the information I gained from the interviews in order to answer the research questions posed in this project.

After collecting the New York State CDRC annual reports and 990s, I determined that the results were too inconsistent to use in my findings. Of the 23 New York CDRCs, many annual reports were not available on the Charities Bureau Registry Search. Additionally, there was little consistency in the annual reports and 990s with the years in which the information was collected. The annual reports I collected from the Charities Bureau Registry Search were based

on information collected anywhere from 2006 to 2011, making the data inconsistent. Another problem which prevented me from using this data in my analysis was that the 990 form asks the charity to input its “contributions and grants” in one lump sum rather than separating these two revenue streams. When I examined the annual reports, I had similar issues. I found eight reports total, ranging from 2006 to 2010, and each report displayed its contributions differently. For example, some reports had categories similar to 990s by listing “contributions and foundation grants,” whereas other reports were more useful by listing solely “contributions” for one category. Overall, the results were too inconsistent to group with the other data.

### **Findings**

Based upon thematic analysis of the fourteen interviews, seven main findings emerged from the data. The findings were separated into two categories. The first set of findings is based on data from the CDRC interviews:

1. Providing interested donors with organizational updates, such as newsletters and annual reports, is a common way to stay visible to donors.
2. CDRCs often include specific examples or stories in donor appeal letters about how its services have impacted the community in the previous year.
3. CDRCs communicate with donors in a variety of ways.
4. All CDRCs interviewed obtain between 2% and 7% of their total revenue from individual contributions.

The second set of findings is based on the donor’s perspective:

5. A majority of the donors interviewed have only a basic idea of the kind of services ACCORD provides and yet were motivated to give because they thought ACCORD provided an important service to the community.

6. Effective communication with donors creates longer-lasting relationships.
7. Different donors want different levels of information and vary in how often they would like to receive information from ACCORD.

**Finding #1: Providing interested donors with organizational updates, such as newsletters and annual reports, is a common way to stay visible to donors.**

All CDRC representatives noted that they send biannual or quarterly newsletters to donors, sometimes coupled with an annual report. This provides an opportunity to educate donors about how they are helping the greater community and any recent successes they may have had. Providing this sense of community can help trigger any altruistic motives donors may have, and in turn motivate them to give again, according to the literature (Brown & Slivinski, 2006; Cnaan, et al., 2011; Shen & Tsai, 2009; Van Slyke & Johnson, 2006; Young, 2010). One Executive Director added, “our strategy is to stay visible” and other CDRC representatives also indicated the importance of staying in frequent contact with donors. One CDRC mentioned that they included a list of donors’ names in the newsletter, which caters to donors who donate for extrinsic motives.

**Finding #2: CDRCs often include specific examples or stories in donor appeal letters about how its services have impacted the community in the previous year.**

All five CDRCs noted that specific examples or short stories about how they made a difference in the community are always included in the appeal letter. One Executive Director indicates their appeal letter is one page and summarizes: “here is what we did and this is how we made a difference.” Including stories in the appeal letter can also address the concern that donors are not getting enough information about the organization.

Similar to ACCORD, many CDRCs provide services other than mediation. Many of the CDRCs interviewed expressed that they had had difficulty raising funds for mediation. One interviewee felt that it is difficult to get people to be passionate about mediation when there are other causes that may appear to be more important, such as services focused on children, domestic violence, and diseases. Therefore, they emphasized other services in the appeal letter. Another Executive Director noted, “the story changes each year, emphasizing a different program. We only have to come up with a mediation story every few years.” Table 1 summarizes the responses to the question I asked about the information and types of services the other CDRCs emphasize in their appeal letters.

*Table 1: What information and types of services do you emphasize in your appeal?*

Responses	# of Responses
<b>Gave specific example or service showing how we made a difference</b>	<b>100% (5)</b>
<b>Emphasized services other than mediation</b>	<b>60% (3)</b>
<b>Listed programs and services offered</b>	<b>40% (2)</b>
<b>Provided a photo to match the story</b>	<b>20% (1)</b>
<b>Included the mission statement</b>	<b>20% (1)</b>
<b>Accompanied by personal notes written by board members</b>	<b>20% (1)</b>

**Finding #3: CDRCs communicate with donors in a variety of ways.**

All CDRCs shared different ways in which they communicate with their donors and various techniques they use to get donors to give again. They use software programs to manage communication with donors, send handwritten notes, make personal phone calls, and offer to meet with major donors. One CDRC described its annual communications calendar, which is “a database calendar that puts everything we need in one place.” For example, the calendar makes

sure that donors do not receive an appeal letter right before they get an invitation to an event. Three of the five CDRCs interviewed also discussed personal contact techniques they use to maintain relationships with larger donors. One CDRC's technique included the Executive Director calling all donors who give over \$500 to personally thank them and offering to meet with them if they wish. Another CDRC's tactic includes board members having lunch with major donors or asking the donors for a contribution personally, by calling them on the phone or sending a handwritten note. Although donors are not always interested in being involved in the organization or obtaining additional information about the organization as I discuss in Finding 7, it is often an inexpensive gesture to make the donor feel appreciated and has the potential to maintain long-term relationships.

**Finding #4: All CDRCs interviewed obtain between 2% and 7% of their total revenue from individual contributions.**

A government grant through the New York State Unified Court System provides most of the funding CDRCs in New York receive. Therefore, all New York CDRCs are experiencing similar stress as a result of budget cuts in recent years, and many have tried to diversify their revenue sources, including ACCORD. However, the findings show that all CDRCs interviewed obtain a higher percentage of total revenue from contributions than that of ACCORD, ranging from approximately 2% and 7%, with four out of five CDRCs over receiving 3.5% from contributions. One CDRC noted that before the cuts, the budget was \$700,000, with 3% of that coming from individual contributions. Furthermore, that was when the organization had an employee dedicated to development and fundraising. In the following year, the same CDRC's budget was reduced to \$353,000, with almost 5% coming from individual contributions. By making changes in its development plan, this agency raised close to the same dollar amount they

were able to raise *with* a development employee and a larger budget. In recent years, ACCORD has received less than 1% of its total revenue from contributions. This finding indicates that it is definitely possible for ACCORD to obtain a higher percentage in the subsequent years.

Although the increased percentage is potentially modest, the long-term impact may be worthwhile, creating more consistent contributions each year. Table 2 summarizes the range of contribution percentages according to the CDRC interviewees and what these percentages would look like based on ACCORD’s 2013-2014 budget.

*Table 2: How much of your organization’s revenue come from individual donations?*

# of Responses	Responses	Dollar value for ACCORD’s budget
<b>1</b>	<b>2%</b>	<b>\$4,000</b>
<b>1</b>	<b>3.5%</b>	<b>\$7,100</b>
<b>1</b>	<b>5%</b>	<b>\$10,100</b>
<b>1</b>	<b>7%</b>	<b>\$14,200</b>
<b>1</b>	<b>10%</b>	<b>\$20,200</b>

**Finding #5: A majority of the donors interviewed have only a basic idea of the kind of services ACCORD provides and yet were motivated to give because they thought ACCORD provided an important service to the community.**

Even though five of the nine donors interviewed indicated that they did not want to receive additional information from ACCORD other than the appeal letter, six out of nine donors had only a basic idea of what ACCORD does. For example, when asked how familiar they were with ACCORD’s services, one current donor expressed that he was relatively familiar, but he would like to know more. Another current donor admitted he had only a general idea of what ACCORD does. The three donor interviewees who were very familiar with ACCORD’s

services, were familiar due to personal connections they had with the organization. For example, they had friends who volunteered at ACCORD or they had participated in the volunteer training at one point.

Although two-thirds of the donors had only a basic idea of the kinds of services ACCORD provides, six out of nine of the current and past donors combined gave to ACCORD because they felt ACCORD provides an important service to the community. Some donors specified they donated because they thought it was a “worthwhile agency” or they “liked ACCORD’s philosophy.” When one past donor was asked what ACCORD could do to get them to donate again, she replied with “maybe if they sent me a newsletter to let me know what’s going on; I tend to donate to things I am more passionate about.” This comment suggests that if donors had more information and were given specific examples of what ACCORD is doing, they might be motivated to give again.

**Finding #6: Effective communication with donors creates longer-lasting relationships.**

When analyzing the reasons why past donors decided to stop giving to ACCORD, two out of five past donors indicated they stopped receiving an appeal letter from ACCORD and therefore stopped donating. Although only two past donors expressed this, some of the other 51 donors who were not interviewed may have had similar experiences. Another past donor indicated that because her friends were no longer board members, she was never contacted by ACCORD thereafter. In these cases, ACCORD had the donors’ contact information and did not send appeal letters, resulting in lost contributions. As mentioned earlier, relationship management is the concept of nonprofits communicating effectively with donors, resulting in a long-lasting, loyal relationship (Polansky & Sargeant 2007; Sargeant, 2001a, 2001b; Waters, 2009). Finding 6 is consistent with Sargeant et al. (2005), whose study on giving behavior found



a nonprofit’s communication with its donors indirectly affects donor commitment. Losing touch with potential renewal donors might be avoided if ACCORD adopts a system similar to an annual communications calendar that other CDRCs are utilizing—as mentioned in Finding 3.

**Finding #7: Different donors want different levels of information and vary in how often they would like to receive information from ACCORD.**

Not all donors want to receive more information. Only past donors expressed interest in receiving organizational updates. These data suggest that CDRCs should give donors the option to receive additional information and the rate at which they receive it. Table 3 summarizes donor information preferences.

*Table 3: What additional information would you like/have liked to receive from ACCORD?*

	Current Donors	Past Donors
None (other than appeal letter)	<b>100% (4)</b>	<b>20% (1)</b>
An update on what the organization is doing	<b>0% (0)</b>	<b>60% (3)</b>
An application to utilize ACCORD’s services	<b>0% (0)</b>	<b>20% (1)</b>

Four of the five CDRCs interviewed send two appeal letters per year. However, donors’ reactions to two appeal letters per year might vary from person to person. One Executive Director noted that the CDRC’s efforts to maintain visible backfired in some cases where donors replied to the frequent requests and thank you notes with “do not contact me again.”

Additionally, one donor interviewed mentioned that they would not like to receive more than one appeal letter in a year. Although it is difficult to generalize data from such a small sample size, the variations in feedback could indicate that the organization would benefit to stay attune to the interests of individual donors.

### **Recommendations**

This study identified donor motivations for giving as well as strategies that other CDRCs are implementing to maintain relationships with their donors. Based on the findings, I recommend ACCORD: 1) focuses on staying visible to interested donors and continues to move forward with the creation and distribution of a bi-annual newsletter; 2) includes a unique story or example in each appeal letter about how ACCORD has made a difference in the community; 3) focuses on maintaining better donor record keeping; and 4) places more organizational emphasis on obtaining individual contributions.

#### **Recommendation #1: Focus on staying visible to interested donors and continue to move forward with the creation and distribution of a bi-annual newsletter.**

The findings indicate that it is important for ACCORD to stay visible to its donors. All CDRCs interviewed are practicing this strategy, some more intensely than others. According to Finding 1, distributing newsletters and annual reports to donors are the most common techniques CDRCs are using to stay visible. In addition, Finding 5 also revealed that many donors have some basic knowledge about ACCORD's services, but they could benefit from knowing more. I recommend ACCORD make the already planned newsletter a high priority in its donor development plans in order to keep its donors engaged and educated about its services.

Finding 7 indicates some donors would not like to receive information in addition to the appeal letter, and some donors do not want to receive more than one appeal letter per year. On the other hand, Finding 6 showed when ACCORD lost contact with donors, some stopped donating. ACCORD should provide opportunities for donors to express what kind of relationship they would like to have with the organization. Therefore, I also recommend

ACCORD provide a section on the return appeal letter where donors can indicate: 1) what kind of communication the donor prefers: traditional mail or email; 2) what additional information the donor wishes to receive such as newsletters, annual reports, special events, and updates about major organizational changes; and 3) how frequently the donor wishes to receive an appeal: once a year or twice a year. If ACCORD can obtain this information from donors, they can input it into the database and screen all communication with donors to accommodate their wishes. Additionally, it will prevent ACCORD from wasting resources by printing and sending materials to only the donors who specify their desire for printed materials and interest in additional information from ACCORD.

Lastly, ACCORD can benefit by using personal contact techniques to its larger donors. Finding 3 suggests that personal contact is a simple technique with the potential to maintain long-lasting relationships with donors. I recommend that ACCORD sets a threshold for how much a donor has to give in order to be considered a “major donor” and adopt one of the following personal contact techniques mentioned in Finding 3: 1) the Executive Director makes phone calls to all major donors and offers to meet with them; 2) board members offer to have lunch with major donors; or 3) the Executive Director and/or board members call or write handwritten notes to past major donors. Adopting one of these three initiatives will give ACCORD the potential to obtain and maintain long-term relationships with its major donors.

**Recommendation #2: Include a unique story or example in each appeal letter about how ACCORD has made a difference in the community.**

ACCORD must remind its donors how its efforts are making a difference in the community in order to continue to motivate donors to give. As mentioned in Finding 5, the majority of donors interviewed expressed their support of ACCORD’s philosophy and efforts as

their motivation for giving. Including a different story in each appeal letter can potentially motivate ACCORD's donors to continue to give. Furthermore, Finding 5 showed that many donors have only a basic knowledge about what ACCORD does. In addition to providing motivation, the story offers ACCORD an opportunity to educate its donors about its programs and services. In order to motivate donors and educate them about its impact, I recommend that ACCORD include a story in each appeal letter that emphasizes a special way in which ACCORD made a difference in the community.

Finding 2 discussed how CDRCs place emphasis on services other than mediation. I also recommend that ACCORD adopt this strategy by rotating stories based on the various services they provide, including its mediation services, Voices for Children/CASA program, NYSED Special Education Mediation Outreach program, and any additional services ACCORD adopts in the future. This appeal practice will give donors a better understanding of ACCORD's impact through its various services, which in turn will motivate donors to give.

**Recommendation #3: Focus on maintaining better donor record keeping.**

The data collection process proved difficult because ACCORD did not have the telephone numbers of some donors and the telephone numbers they did have on file were not always up to date. Finding 6 also showed that ineffective communication with donors led to the loss of potential contributions by failing to mail appeal letters to donors who were loyal up until that point. This is most likely due to the problems with ACCORD's current record keeping process.

The success of Recommendation 1 relies on ACCORD's ability to keep good records of its donors. In order to achieve this, I recommend ACCORD to provide a section on the return appeal letter where donors can indicate any changes in their mailing address and/or telephone

number. This will help make it easier to stay in touch with donors. ACCORD should also consider designating a specific staff member or volunteer to keep track of donor information to avoid any potential miscommunications. Given the low number of donors, ACCORD may consider using Microsoft Access or Excel. This might be more cost-effective for ACCORD, as opposed to purchasing a software system to perform this task.

**Recommendation #4: Place more organizational emphasis on obtaining individual contributions.**

New York CDRC's individual contributions relative to total revenues show that the average percentage is around 5%, as described in Finding 4. All New York CDRCs experienced similar budget cuts in 2011, and ACCORD is just as capable of obtaining a higher percentage of total revenue from individual donations as other CDRCs. The prior recommendations were based on data of other New York CDRCs with higher percentages of individual contributions. Therefore, if ACCORD places more organizational focus on obtaining individual contributions, it hopefully can achieve similar successes in future years.

To achieve this goal, I recommend ACCORD consider the following initiatives: 1) create a committee specific to donor cultivation in order to provide a forum for discussion on this important topic; 2) recruit volunteers or allocate more hours for a staff member to focus on implementing new donor development strategies; and 3) allocate more responsibility to board members using similar techniques to those mentioned in Finding 3. Creating a greater organizational focus on donor development will help ACCORD better implement this project's recommendations and assess what the appropriate amount of time and resources is for this focus, in terms of its return on investment.

### **Conclusion**

The key to successful donor development is learning how to manage donor relationships. ACCORD should continue to change and develop its techniques for managing its relationship with donors and if ACCORD can make these short-term efforts now, it has the potential to yield long-term results. The findings and recommendations identified in this study may be used to assist ACCORD in its future communication with its donors as well as to obtain consistent and even larger contributions in future years.

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Appendix A

Date: March 14, 2013  
To: Natalie Fischer, CCPA  
From: Anne M. Casella, CIP Administrator  
Human Subjects Research Review Committee  
Subject: Human Subjects Research Approval  
Protocol Number: 2244-13  
Protocol title: *Donor Development*

Your project identified above was reviewed by the HSRRC and has received an Exempt approval pursuant to the Department of Health and Human Services (DHHS) regulations, 45 CFR 46.101(b)(2) .

An exempt status signifies that you will not be required to submit a Continuing Review application as long as your project involving human subjects remains unchanged. If your project undergoes any changes these changes must be reported to our office prior to implementation. Please complete the modification form found at the following link:[http://research.binghamton.edu/Compliance/humansubjects/COEUS\\_Docs.php](http://research.binghamton.edu/Compliance/humansubjects/COEUS_Docs.php)

Principal Investigators or any individual involved in the research must report any problems involving the conduct of the study or subject participation. Any problems involving recruitment and consent processes or any deviations from the approved protocol should be reported in writing within five (5) business days as outlined in Binghamton University, Human Subjects Research Review Office, Policy and Procedures IX.F.1 Unanticipated Problems/adverse events/complaints. We require that the Unanticipated Problems/adverse events/complaints form be submitted to our office, found at the following link:[http://research.binghamton.edu/Compliance/humansubjects/COEUS\\_Docs.php](http://research.binghamton.edu/Compliance/humansubjects/COEUS_Docs.php)

University policy requires you to maintain as a part of your records, any documents pertaining to the use of human subjects in your research. This includes any information or materials conveyed to, and received from, the subjects, as well as any executed consent forms, data and analysis results. These records must be maintained for at least six years after project completion or termination. If this is a funded project, you should be aware that these records are subject to inspection and review by authorized representative of the University, State and Federal governments.

Please notify this office when your project is complete by completing and forwarding to our office the Protocol closure form found at the following link: [http://research.binghamton.edu/Compliance/humansubjects/COEUS\\_Docs.php](http://research.binghamton.edu/Compliance/humansubjects/COEUS_Docs.php) Upon notification we will close the above referenced file. Any reactivation of the project will require a new application.

This documentation is being provided to you via email. A hard copy will not be mailed unless you request us to do so.

## UNDERSTANDING WHAT MOTIVATES DONOR TO GIVE 28

Thank you for your cooperation, I wish you success in your research, and please do not hesitate to contact our office if you have any questions or require further assistance.

cc: file  
Kristina Lambright

### ***Diane Bulizak, Secretary***

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Appendix B

Interview Instrument

Questions for current donor participants:

1. How familiar are you with the kind of services ACCORD provides?
2. Why did you choose to donate to ACCORD?
3. Did ACCORD ask you to donate? If yes, how did they ask you?
4. What kind of communication do you prefer to have with ACCORD? (i.e. email, mail, phone)
5. What information would you like to receive from ACCORD?
6. Do you plan on donating again this year?
7. Is there anything more ACCORD can do or can improve on in order to keep you as a loyal donor?

Questions for past donor participants:

1. How familiar are you with the kind of services ACCORD provides?
2. Why did you choose to donate to ACCORD?
3. Did ACCORD ask you to donate? If yes, how did they ask you?
4. What kind of communication do you prefer to have with ACCORD? (i.e. email, mail, phone)
5. What kind of information would you have liked to receive from ACCORD?
6. Why did you decide to stop donating to ACCORD?
7. What would lead you to donate to ACCORD again?

Questions for CDRC representative participants:

1. What are the different ways in which you ask for donations?
2. How do you communicate with your donors? How often?
3. What information, if any, do you provide donors with throughout the year?
4. What types of information do you provide in your appeal about your organization?
5. What services do you emphasize in your appeal?
6. Approximately what is the percentage of donors that are new each year?
7. What, if anything, do you do to get donors to give again each year?
8. Approximately what is your organization's annual budget?
9. How much of your organization's revenue come from individual donations?
10. What is a reasonable percentage of total revenue an organization like yourself should expect from individual donors?
11. How much money do you spend on your donor appeal process?