About This Paper

The Data-Driven Annual Fund is the second in a series of workbooks from WealthEngine Institute, WealthEngine’s hub for education, research, networking and knowledge sharing. The workbook focuses on data understanding and use; strategies for segmentation, solicitation and stewardship of donors and prospects; and measuring and analyzing fundraising ROI and other key metrics. Topics covered in part one of the three part workbook include conducting a data audit, data hygiene and augmentation, and developing an annual fund plan. Readers will learn the importance of maintaining, managing and supplementing their data, as well as how to use data and analytics to better understand their constituents and to drive the creation of strategies to build their annual fundraising plan. In addition, WealthEngine Workbooks link to worksheets, templates, checklists and tools to help fundraising practitioners put knowledge into action immediately.

Key Contributors:

Tony Glowacki, President and Chief Executive Officer
T. Clay Buck, Senior Consultant
Shane Bair, Creative Director
Sally Boucher, Director of Research, WealthEngine Institute
Wendy Tanner, Marketing Communications Specialist, WealthEngine Institute
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>2</td>
</tr>
<tr>
<td>Chapter One: The Database Audit</td>
<td>4</td>
</tr>
<tr>
<td>Avoiding Analysis Paralysis</td>
<td>4</td>
</tr>
<tr>
<td>Chapter Two: Data Hygiene</td>
<td>8</td>
</tr>
<tr>
<td>The Data Style Manual</td>
<td>10</td>
</tr>
<tr>
<td>Additional Data Services</td>
<td>11</td>
</tr>
<tr>
<td>Data Enhancement</td>
<td>12</td>
</tr>
<tr>
<td>Chapter Three: Set the Plan</td>
<td>14</td>
</tr>
<tr>
<td>First, do the Research</td>
<td>16</td>
</tr>
<tr>
<td>Second, Establish Budgetary and Financial Goals</td>
<td>16</td>
</tr>
<tr>
<td>Third, Segment the Data</td>
<td>17</td>
</tr>
<tr>
<td>Multi-Channel Strategies</td>
<td>19</td>
</tr>
<tr>
<td>Last But Not Least, Plan Stewardship Activities</td>
<td>24</td>
</tr>
<tr>
<td>Key Takeaways</td>
<td>26</td>
</tr>
</tbody>
</table>
Introduction
Annual funds are as different and varied as the organizations that run them. From the large-scale direct marketing solicitation of tens of thousands of prospects to the targeted email blast to a few hundred regular donors, annual giving remains the backbone of a comprehensive fundraising strategy and, in many cases, forms the solid base of the fundraising donor pyramid.

For the purposes of this series, the annual fund is defined as: “Any ongoing, regular fundraising cultivation, solicitation and stewardship process that raises support from individual donors below the identified Major Gift or Campaign threshold.”

Because of this definition, your organization’s annual fund may look very different than another nonprofit’s. Some may set the Major Gift threshold at $25,000 while others set it at $1,000. For some organizations, major giving is considered part of the annual fund while, for others, large gift solicitation is only conducted during special campaigns.

Regardless of its focus, any comprehensive, effective donor solicitation program must have a strong base of support in order to ensure that all other areas of development and fundraising are successful. A strong annual fund provides that base.
Chapter One:
The Database Audit
The Database Audit

An effective donor communication program relies upon the quality of the data involved. To say that all fundraising “begins and ends with data” is an understatement. Consequently, a regular database audit will provide a clear understanding of who your donors and prospects are, what your donors’ behaviors are telling you, and where you need to focus your efforts.

Have you ever had this conversation?

**Board Member:** So, how many donors do we have?
**Development:** Oh, about 3,000 or so – but some of them haven’t given in a while.

**Board Member:** Well, how many do we have in this fiscal year?
**Development:** Probably 1,800, but that’s only those that have renewed this year already.

**Board Member:** Well, how many do we usually have in a year?
**Development:** I’ll run a report, it fluctuates from year-to-year.

A database audit is a comprehensive evaluation of the donor database system to identify and repair any anomalies, issues or discrepancies. The audit examines three major areas:

- Giving history
- Relationship information (e.g. donor, prospect, alumni, patient, etc.)
- Data hygiene, or cleanliness of data and content

The goal of the database audit is to provide a static picture of the facts of the organization’s data. We will look at fundraising and results metrics later, but the purpose of the audit is to give us a very clear picture of the universe of data in which we operate.

Table 1 outlines the questions to ask of a database audit and the key points to review. Table 2 shows a report template summarizing the most important data for three years of annual giving.

This example presents a very simple, straightforward data snapshot and sets the criteria by which segmentation is defined (how is ‘current donor’ defined? How is LYBUNT defined?). It would be important to include any data points that are specific to your organization in an audit as well, such as how many records have a populated cell phone if you are conducting a mobile giving campaign, or how many records are alumni and parents for an educational institution. You can download a Database Audit Worksheet from our toolkit to begin your own audit.
Examples of Reporting Anomalies

Set agreed-upon definitions for metrics so they are interpreted the same by all stakeholders, such as:

- LYBUNT (Last Year But Unfortunately Not This) – Is a LYBUNT anyone who gave last fiscal year or the previous fiscal year?
- Current Donor – What is the date range by which someone is considered a current donor?
- Major Gift Donor – What is the financial threshold to be considered a Major Gift Donor? Is a Major Gift only one special gift or is it annual?

<table>
<thead>
<tr>
<th>Organization Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total # of Records</td>
</tr>
<tr>
<td>Total # of Solicitable Records*</td>
</tr>
<tr>
<td># of Records with Complete Mailing Address</td>
</tr>
<tr>
<td># of Records with Telephone Number</td>
</tr>
<tr>
<td># of Records with Email Address</td>
</tr>
<tr>
<td># of Records with Giving History (Gifts at any point)</td>
</tr>
</tbody>
</table>
| # of Records with Giving History (This fiscal year) | Record #: 
| ______/____/_____ to ______/____/_____ |
| # of Records with Giving History (Last fiscal year) | Record #: 
| ______/____/_____ to ______/____/_____ |
| # of Records with Giving History (2 years ago) | Record #: 
| ______/____/_____ to ______/____/_____ |
| # of Records with Giving History (3 years ago) | Record #: 
| ______/____/_____ to ______/____/_____ |
| # of Records with Giving History (Last five years) | Record #: 
| ______/____/_____ to ______/____/_____ |
| # of Records with Giving History (Last ten years) | Record #: 
| ______/____/_____ to ______/____/_____ |
| What Date Parameters Define a Current Donor? |  
| (e.g., gave within last 24 months) |
| # of Current Donors | Donor #: |
| What Date Parameters Define a Lapsed Donor? |  
| (e.g., gave within the last 24-36 months) |
| # of Lapsed Donors | Donor #: |
| What Date Parameters Define a Long Lapsed Donor? |  
| (e.g., gave within the past 36 to 60 months) |
| # of Long Lapsed Donors | Donor #: |
| What Date Parameters Define a Non-Donor? |  
| (e.g., last gift longer than five years in the past) |
| # of Non-Donors | Non-Donor #: |

Table 1: Key information to gather for a database audit

*Examples of unsolicitable records are those that are marked “Do Not Contact” or have missing or incomplete contact or address information

Total Giving Per Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total $</th>
<th>Total # Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Summarize giving by fiscal year
It is recommended that a full database audit be conducted annually before the beginning of any solicitations for the next fiscal year. An audit is the basis and framework for all other strategies and reporting and is the first step in developing the annual fund plan. It should then be reviewed with quarterly updates, at minimum, to track progress and goals as needed.
Chapter Two:  
Data Hygiene
Data Hygiene

Data hygiene refers to the cleanliness and accuracy of the data itself. It looks at the quality of information contained in all fields and analyzes:

- **Accuracy** – Check for misspellings, incorrect information or entries, missing information.

- **Consistency** – Are all data points entered in the same format? Are specific points contained in the same fields in different records? Are phone numbers entered in the same format? Are codes used consistently?

- **Completeness** – Do all records have full information (name, address, phone, email, etc.) and are the fields coded correctly (e.g. cell phone vs. work phone, etc.)?

Data hygiene can have a significant impact on fundraising performance; investing time and resources into high data quality can have a positive return on investment.

Table 3 shares data from a sample direct mail solicitation, where cleaning resulted in a 5% decrease in number of pieces returned undeliverable, leading to an almost 8% improvement in ROI.

<table>
<thead>
<tr>
<th></th>
<th>Pre-Cleaning</th>
<th>Post-Cleaning</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Pieces</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Cost Per Piece: (including postage)</td>
<td>$1.13</td>
<td>$1.13</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>$84,750</td>
<td>$84,750</td>
</tr>
<tr>
<td>Total Raised:</td>
<td>$186,422</td>
<td>$195,137</td>
</tr>
<tr>
<td>Revenue Per Piece:</td>
<td>$2.49</td>
<td>$2.49</td>
</tr>
<tr>
<td>Net Revenue:</td>
<td>$101,672</td>
<td>$110,387</td>
</tr>
<tr>
<td>Total Returned:</td>
<td>16,327 (22%)</td>
<td>12,827 (17%)</td>
</tr>
<tr>
<td>Lost Revenue:</td>
<td>$40,654</td>
<td>$31,939</td>
</tr>
<tr>
<td>Return on Investment:</td>
<td>$1.20</td>
<td>$1.30</td>
</tr>
<tr>
<td>Cost-To-Raise-Dollar:</td>
<td>$0.83</td>
<td>$0.77</td>
</tr>
</tbody>
</table>

Table 3: Sample direct mail solicitation results

Data Hygiene

On a regular schedule (typically quarterly, depending on the size of the database), it is important to review the following:

- Name fields populated/cleaned
- Salutation and addressee fields populated appropriately
- Address fields populated/standardized
- Phone numbers present/standardized
- Email addresses
- Giving history correct (First, Last, Total, Number of Gifts)
- Relationship status and demographics
- Additional Information – spouse, children, animals, hobbies, etc.
- Bad address/returned mail/email bounce backs
- Number of duplicates and multiple records for one household
The Data Style Manual

An institutional data style manual sets guidelines for data entry for all users in all departments. It should set the protocols for all data entry and record-keeping processes. In general, the data style manual should follow standard postal requirements (e.g. zip code + 4, street name abbreviations, etc.)

United States Post Office standards can be found in Mailing Standards of the United States Postal Service Publication 28 - Postal Addressing Standards.

The Data Style Manual should also address institutional-specific styles, such as how joint/married record holders are addressed, whether formal or informal salutations will be used for different types of correspondence, whether titles will be spelled out or abbreviated, etc.

Examples of data hygiene issues and the correction:

<table>
<thead>
<tr>
<th>Original Data</th>
<th>Clean Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>John smith</td>
<td>Mr. John F. Smith</td>
</tr>
<tr>
<td>1234 main Street</td>
<td>1234 Main St.</td>
</tr>
<tr>
<td>Bethesda, Md 20814</td>
<td>Bethesda, MD 20814-1234</td>
</tr>
<tr>
<td>240.555.1234</td>
<td>(240) 555-1234</td>
</tr>
<tr>
<td>jsmith@wealthengine</td>
<td><a href="mailto:JSmith@wealthengine.com">JSmith@wealthengine.com</a></td>
</tr>
</tbody>
</table>

A sample Data Style Manual is illustrated in Figure 1. Also, we have included Tips for Creating a Data Policies, Procedures and Style Manual in our toolkit.

**Section 2.1 – Full Name Listing**

In all cases of formal correspondence, full name listing should use the following components:

- Title
- First Name
- Middle Initial
- Last Name
- Suffix

**Example:** Mr. John H. Smith, Jr.

In cases of spouse records, the primary record holder is defined as “the individual with the primary relationship with ACME” and should be listed first in household records, unless the donor has requested a specific listing for addressing or recognizing purposes.

**Example:** Mary and John Smith

Jack A. and Martha B. Spratt

Figure 1: Sample entry from a data style manual
As a result of the data audit and data hygiene reviews, you may find you need to undertake a data cleaning project to determine the scope of needed corrections and updates and how much time and resources it will take to correct. There are many database management companies who offer data cleansing services; however, it may also be more efficient to invest staff or volunteer time to correct anomalies.

Additional Data Services
Along with regular cleaning or scrubbing of the database, it is also important to compare to national databases and services for providing a higher level of data hygiene. These include:

- NCOA (National Change of Address)
- Phone Append (gathering of phone numbers from public sources)
- Email Append (gathering of email addresses from public records)
- Mobile Phone Capture/Opt-in (you will need to determine the legislation in your state relative to usage of cell phones in nonprofit/fundraising solicitation and whether opt-in is required)
- Deceased Flags (identifies individuals who are deceased)
- Do Not Mail/Do Not Call Lists (suppression lists against which your file is matched)
- Wealth Screenings (can also provide additional insights into your data quality and hygiene beyond the wealth intelligence codes applied)

Quality of data is a major factor in lost fundraising revenue from year-to-year. As many donors move and are lost track of, they are solicited incorrectly because of inaccuracies in the database or they are simply not solicited because their record has become “un-solicitable” due to data entry errors.

Please check with your legal counsel and/or your local government on any requirements for NCOA or phone append restrictions, such as cell phone appends, mail removal requests and any registration requirements.
Data Enhancement
When you perform a database audit it is the perfect time to consider additional data enhancement options. Data enhancements useful in the fundraising world include those listed above, such as phone, email and mobile phone appends, as well as wealth and asset screenings. In addition, actionable demographic and lifestyle data can be appended to donor and constituent files:

- Age Overlays
- Interest in theater, museums, zoos or other arts and cultural activities
- Green lifestyle or interest in environmental or wildlife causes
- Political interests
- Interests in cats, dogs or pets
- Presence of children in the household
Chapter Three:
Set the Plan
Set the Plan

Setting a clear plan of action for the annual fund campaign will yield huge dividends. The annual fund that is constantly struggling to catch up to itself or always operating in a state of panic might raise money, but may not be as effective in building long-term relationships with donors, moving those donors upward in giving, building a new donor pipeline and creating a strong base for the donor pyramid.

The annual fund plan should address several components:

- Staff/Volunteer Involvement and Responsibilities
- Types of Solicitations and/or Communications Channels
  - Direct Mail
  - Email/Online
  - Mobile/Text
  - Phone
  - Face-to-Face
  - Special Events
- Calendar/Schedule
- Financial Goals
- Budget
- Stewardship
  - Gift Acknowledgement
  - Donor Recognition
  - Donor Premiums

The optimal time to create the annual fund plan is three to six months prior to the beginning of the fiscal year, meaning an effective annual fund is established well in advance of the current year and is flexible enough to allow for adjustment as staff, budgets, and infrastructure allow.

The success of any fundraising plan is dependent upon a multitude of moving parts working together. The data driven annual fund puts the quality of data as the supporting base of a comprehensive program designed to yield greater fundraising results, deeper relationships with prospects and donors and positive return on investment and cost-to-raise-a-dollar.
In setting the plan, there are several steps to undertake.

First, do the Research:

1. Review historical data:
   a. How successful was the prior campaign in achieving its goals?
   b. What was effective in previous years? What worked well? What didn't?
   c. Review the data audit from prior years. How many donors? How many dollars?
   d. How have giving trends within the organization changed over the last three years? Five years?

2. Review current data:
   a. What is working well this year?
   b. What is not working well this year?
   c. What is the status of the organization? How are we faring in the community?
   d. What are our donors and constituents telling us?

3. Review organizational goals and priorities:
   a. How does the annual fund fit in with overall organizational goals?
   b. How does annual fund messaging fit in with overall marketing and outreach efforts?

4. Conduct a SWOT Analysis by analysing your organization’s:
   a. Strengths
   b. Weaknesses
   c. Opportunities
   d. Threats

Second, Establish Budgetary and Financial Goals
Once historical data has been reviewed and compared to organizational goals, you need to determine the goals for fundraising/dollars raised, and ensure all internal stakeholders agree on these goals.

For detailed discussion and guidance for setting goals, see Chapter Two of the Growing Individual Gifts Workbook.

There is no set percentage of an organization’s income that should come from the annual fund – for some nonprofits, the annual fund makes up the vast majority of operational budget. For others, it is a small percentage. Regardless of its place in an organization’s finances, no other aspect of a nonprofit reaches out to as many
prospects as the annual fund. Outreach contributes to stewardship, cultivation, acquisition, brand awareness and engagement as well as dollars raised. When weighing the efficacy of a component of annual fund solicitation it may be important to evaluate the benefit of the outreach even if the dollars raised are not as strong as hoped.

Reviewing historical results may point out anomalies that should be factored into the goal setting. These peaks or valleys should be factored into goals if it’s determined they are sustainable. If they are truly anomalies they should be discounted as outliers. Whatever the outcome, ensure that all internal stakeholders are agreed on the goals at the outset of the program.

Table 4 shows a sample report to compare historical results to suggested goals.

<table>
<thead>
<tr>
<th>Goals</th>
<th>FY 2011 Actual</th>
<th>FY 2012 Actual</th>
<th>FY 2013 Actual</th>
<th>FY 2014 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Mail</td>
<td>$1,128,922</td>
<td>$1,213,371</td>
<td>$1,642,193</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>Phone-a-thon</td>
<td>$468,273</td>
<td>$522,955</td>
<td>$422,664</td>
<td>$550,000</td>
</tr>
<tr>
<td>Special Events</td>
<td>$28,629</td>
<td>$31,172</td>
<td>$24,696</td>
<td>$25,500</td>
</tr>
<tr>
<td>E-Solicitation</td>
<td>$122,316</td>
<td>$98,786</td>
<td>$149,683</td>
<td>$150,000</td>
</tr>
<tr>
<td>Unsolicited</td>
<td>$31,175</td>
<td>$29,668</td>
<td>$34,462</td>
<td>$35,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,779,315</td>
<td>$1,895,952</td>
<td>$2,273,698</td>
<td>$2,510,500</td>
</tr>
</tbody>
</table>

Table 4: Sample report to compare historical results to suggested goals

Third, Segment the Data

Data segmentation is the division of the database into logical groupings defined by the constituent’s relationship with the organization. For example:

- Current Donor
- Lapsed Donor (or LYBUNT – “Last Year But Unfortunately Not This”)
- Long Lapsed Donor (or SYBUNT – “Some Year But Unfortunately Not This”)
- Non-Donor

Further sub-segment groups of the data by adding extra layers of definition for specificity. For example:

- Grateful Patient Donor
- Alumni Non-Donor
- Subscriber Lapsed Donor
- Volunteer SYBUNT
Generally, the segmentation name is listed hierarchically, e.g., which aspect of the person’s relationship with the organization takes precedence and is their primary relationship. For example:

- **Level 1** – Subscriber
- **Level 2** – Current Donor
- **Level 3** – $250 - $499 (Giving Range)

Effective use of segments and sub-segments allows for the more efficient development of case points, ask amounts, solicitation and stewardship strategies:

- **Case for Support** – tailor specific case points to specific prospects or groups of prospects (The AFP Fundraising Dictionary defines the case as follows: The reasons why an organization both needs and merits philanthropic support, usually by outlining the organization’s programs, current needs, and plans.)
- **Ask Amounts** – develop specific ask amounts for different segments and sub-segments
- **Solicitation and Stewardship Strategies and Methodologies** – employ different methods of solicitation and different levels of stewardship for different segments of donors and prospects

As with reporting and goal setting, it is important to ensure that all stakeholders have bought into segment definitions and how the organization classifies its constituents. These should be addressed and defined as part of the style manual and adhered to throughout the organization.

A sample Segmentation Plan is presented in Table 5.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Definition</th>
<th>Sub-segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Donor</td>
<td>Last Gift Date 1/1/2012 - Present</td>
<td>$1 - $99, $100 - $249, $250 - $499, $500 - $999</td>
</tr>
<tr>
<td>Major Donor</td>
<td>Last Gift ≥ $1,000 Annually (Cumulative)</td>
<td>N/A</td>
</tr>
<tr>
<td>Lapsed Donor (LYBUNT)</td>
<td>Last Gift Date 1/1/2011 - 12/31/2011</td>
<td>N/A</td>
</tr>
<tr>
<td>Long-Lapsed Donor (SYBUNT)</td>
<td>Last Gift Date 1/1/2008 - 12/31/2010</td>
<td>N/A</td>
</tr>
<tr>
<td>Non-Donor</td>
<td>Last Gift Date pre-2008 or No Giving History</td>
<td>Use wealth and/or propensity to give scores for list prioritization</td>
</tr>
</tbody>
</table>

Table 5: Sample segmentation plan
Having a strong segmentation plan will help you determine the right solicitation timeline and potentially reduce the amount of cross-over communication the donor receives. If left unchecked, cross-over communication can cause constituents to feel constantly bombarded by solicitations.

**Multi-Channel Strategies**

A solicitation channel is a method of communication used to reach donors and potential donors. With increased opportunities for communication brought about by digital methods such as email and social media, the term “multi-channel” has become popular to refer to strategies that have multiple channels built into the approach. There are three primary channel types that can be combined into solicitation strategies: direct mail, telephone, and e-mail. In concert with these primary methods, online, social media, and events can be used as engagement and cultivation tools.

Ensuring your strategic plan includes some combination of the three primary solicitation methodologies - based upon segmentation - will allow you to achieve higher returns and foster deeper donor relationships.
An Integrated/Multi-Channel Annual Fundraising Campaign: A Sample Plan for Acme

Marketing and Development have partnered on the 2013 Annual Fund to create an integrated, multi-channel campaign. This campaign has four key goals:

1. Increase participation in the number of donors to the Annual Fund
2. Raise the level of support from current donors
3. Renew lapsed donors
4. Increase visibility of Acme and convey the importance of our mission to the community

Defining the Message:
Our messaging and case for support will focus on mission delivery within critical communities:

- A beneficiary story has been identified and drafted
- A volunteer board member will serve as the letter signer
- The case has been divided into five specific areas of urgent need
- Marketing will build awareness campaigns around similar constructs
- A challenge grant has been identified and will be used in all materials throughout the year
- Included in the messaging is a quantifiable impact that each gift to the campaign makes

Challenge Grant
Several members of the Junior Board have created a joint challenge grant opportunity by pooling additional gifts above and beyond their annual contributions. This consortium will match every contribution above $150, dollar for dollar, up to $20,000. The challenge grant will be prominently featured in all materials and calls-to-action. The board members represent known names in the community and will be listed by name in the challenge language.

Direct Mail
The direct mail piece will include the standard response card and envelop, but will also reference a specially-created landing page on our website that is set up to make joining and contributing to the Friends of Acme campaign as easy as possible. The landing page, like the direct mail package, includes compelling photos, light text that tells Acme’s story, and lists the benefits of joining and supporting the Friends of Acme campaign, in an emotional and impactful way. A QR code will be included in the printed materials that link directly to the landing page.

Website Landing Page
The landing page is optimized with a title and sub-head that talks specifically about our mission and the impact of the five case points. Search engine optimization (SEO) techniques have been used integrating strategic keywords in URLs, image titles, photo captions and content. A short video clip highlighting our social impact is also featured both on the landing page and on our YouTube channel. The website has also been optimized to render appropriately on smartphones and tablets.
Print Communications

Our quarterly newsletter will be used to share campaign stories and messaging, along with a brief call to action including response envelope in the centerfold, website links and QR codes both directed to the annual fund “Give Now” page.

Social Sharing

The website landing page is optimized with social sharing buttons and HTML code for Facebook, LinkedIn, Twitter, YouTube and Google+. Visitors can easily share the campaign information with their social networks using these buttons. When they contribute, it is also encouraged that they share this information from a specially designed and optimized “Thank You” page.

Social Media

We have developed a strategic Twitter and Facebook schedule to include 3-4 tweets per week of the campaign, referencing the importance of support and the ongoing annual fund. We have also begun discussions with donors who are major social media influencers to help leverage their networks and cross-post with them. Development and Marketing staff have recorded several short videos via cellphone at specific service delivery locations; these will be posted on our YouTube page and shared at strategic intervals of the solicitation calendar. All social media will be managed via an integrated dashboard vendor (e.g. Hootesuite, Sprout Social or Hubspot) and will be scheduled in advance for automatic posting at the timed intervals.

Email Campaign

At the same time the direct mail is dropped, a three-part email campaign will be initiated. Three emails will be launched at one-week intervals, each highlighting a specific story demonstrating our mission-in-action, with clear and concise calls to action directing the recipients to the campaign’s online landing page. These emails will be sent to individuals in our house file who have opted in to email communications and who possess a valid email address. We have also contracted with a partner (who will be running the email campaign) for a targeted acquisition list of individuals who share attributes -- including wealth, demographic and lifestyle -- with our best current donors. All emails will also include social sharing buttons and hot links to the landing page, allowing recipients to easily share via email or social media.

Phone and Matching Gift Challenge

Phoning will be conducted using our phone campaign vendor and will launch six weeks following the direct mail drop and email blast. Initial calling will focus on donors who did not respond to mail/email; lapsed and long-lapsed donors will follow. As time and volume allows, highly rated wealth screened non-donors who are not selected for major gift or leadership giving portfolios will be introduced to the phone room as a test to measure efficacy of phone acquisition. Phoning will continue through the week before Thanksgiving.

Year-End Mailing

Any donors who have not renewed by December 1st will be approached via year-end/holiday solicitation beginning the first week of December. Lists will be segmented by previous giving channel (i.e. direct mail vs online vs phone) and messaging will focus on the impact of holiday giving within our underserved communities. All messaging will acknowledge previous solicitations, previous giving and stress year-end need.

Events

Six small events have been scheduled throughout the campaign, three breakfast and three lunch. This will be referenced on the website and in written materials as a benefit for donors at the $250 level and above. Each attendee will be afforded the opportunity to invite up to 10 additional guests who will need to register in advance of the event to capture demographic information. The event will feature light refreshments and will feature a brief presentation by leadership and key service providers, giving the attendees a pseudo “behind-the-scenes” experience. Cultivation of attendees will begin one to two weeks after the event with a “thank you for attending” follow up and inclusion on the quarterly newsletter mailing. Solicitation of attendees will begin with a soft ask three months after attendance. Social media will be used to maximize the appeal of the events and encourage donors to upgrade to $250 level to receive invite.

Stewardship

Stewardship will begin at the time of the first gift or expression of interest, and will be continued long after the end of the campaign. All donors will receive a gift acknowledgement within 48 hours of receipt, either via email or standard mail depending on how the gift was made (e.g. online donors receive email as first acknowledgement). Continued stewardship/cultivation will follow standard plan and additional/second gift at six months. Donors who give a gift at or above our designated major gift threshold will receive a personal phone call from the executive director within 48 hours of receipt, per stewardship best practices, and a letter receipt will also be sent within that time period. All of the above channels of communication will be utilized to thank the community for their support and friendship. Stewardship of donors and members, and continued cultivation of new friends, will build momentum for next year’s Friends of Acme campaign.
It is useful to measure the efficacy of each different strategy by volume and cost and associate the results with the appropriate segmentation. For example, e-solicitation is less expensive than direct mail, since you are not paying for postage, stationery, fulfillment, etc. However, e-solicitation may not yield the level of average gift that phone solicitation might. By looking at key metrics such as response rate, average pledge, open/return rate and total dollars for each channel, organizations can measure the true value of each method, and shift donor and prospect segments between methods to maximize returns. More information about measuring the return on investment of various fundraising programs is available in WealthEngine’s white paper Measuring Fundraising Return on Investment and the Impact of Wealth Intelligence.

There are a number of schools of thought in annual fund solicitation. Each has their strengths and weaknesses and each have proven effective in different environments. In attempting different solicitation strategies, it is important to test results and measure efficacy. Testing is covered later on in this workbook.

**Method 1:** Pair “higher touch” solicitation, which may be more expensive, with higher level donors. Reserve less costly methodologies for lower-level donors or acquisition prospects. For example, put renewing donors and wealth rated prospects in the phone program to renew and upgrade. Solicit low-level donors and acquisition prospects via direct mail and e-solicitation.

**Method 2:** Attempt renewal and increase of all donors via least expensive methodologies first (e.g. direct mail, e-mail). Utilize higher cost methodologies for those who do not renew.

Regardless of the approach taken, using segmentation and multi-channel approaches, along with constant monitoring of the success of the solicitations by cost and dollars raised and number of donors, will yield a stronger result than a broad-based “shotgun” approach to solicitation.

Table 6 is one example of measurement of multi-channel success.

<table>
<thead>
<tr>
<th>Goals</th>
<th>Budget</th>
<th>Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Fund Goal</td>
<td>$2,000,000</td>
<td>$2,075,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>$1,200,000</td>
<td>$1,050,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Phone-a-thon</td>
<td>$400,000</td>
<td>$600,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>E-Solicitation</td>
<td>$300,000</td>
<td>$350,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Other</td>
<td>$100,000</td>
<td>$75,000</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

Table 6: Sample measurement of multi-channel success
It is important to track these metrics for each key fundraising activity or program, and assess by:

- Comparing the effectiveness and ROI of each activity against the initial goals
- Comparing the effectiveness and ROI of each activity against other activities
- Comparing the effectiveness and ROI of each activity over a three or even five-year timeframe to determine year over year changes and trends.

One caution is to measure effectiveness from the overall perspective versus the individual channels. The above scenario could have been considered a failure because both Direct Mail and Other solicitations fell short of their goals; however the overall annual fund went over its stated goals. Again, ensuring that all stakeholders have bought into reporting and measurement is key to ensure understanding of specific goals and outcomes.

A strategic solicitation strategy partnered with the overall segmentation plan will also help to determine solicitation timeline strategies and potentially reduce the amount of cross-over communication the donor receives or a feeling of receiving too much solicitation.

A sample **Segmentation Solicitation Timeline** is shown in Figure 2.

![Figure 2: Sample solicitation timeline](image-url)

**Key:**
- Direct Mail
- Phone-a-Thon
- E-Solicitation
- Newsletter
- Holiday Mailing
Last But Not Least, Plan Stewardship Activities

It is often said that the acknowledgement of a gift is a first step in the solicitation of the next. What is understood is that donors expect and are entitled to a timely, accurate acknowledgement of their gift, and they are more likely to make additional contributions when they feel their gift is appreciated, valued, and has made an impact.

While planning the solicitation timeline, it is critical to plan the acknowledgement process as well and ensure that a system is in place.

An acknowledgement should contain the following elements:

- Appropriate demographic information of the donor, including name, address, salutation, etc.
- The amount of the gift
- A statement of how the gift is being used or reiteration of the case for support
- Tax receipting, when appropriate

As with solicitation methodology, it is useful to pair the style of acknowledgement with the level of giving, e.g. using higher touch acknowledgement for higher level giving. The acknowledgement plan in Table 8 addresses those variations:

<table>
<thead>
<tr>
<th>Gift Level</th>
<th>Acknowledgement Piece</th>
<th>Timing</th>
<th>Signature</th>
<th>Follow Up</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 - $249</td>
<td>Email</td>
<td>Immediately</td>
<td>CEO</td>
<td>Receive quarterly e-newsletter</td>
</tr>
<tr>
<td>$250 - $499</td>
<td>Letter</td>
<td>48 hours</td>
<td>CEO</td>
<td>Receive quarterly e-newsletter</td>
</tr>
<tr>
<td>$500 - $999</td>
<td>Letter</td>
<td>48 hours</td>
<td>CEO</td>
<td>Receive quarterly e-newsletter</td>
</tr>
<tr>
<td>$500 - $999</td>
<td>Letter</td>
<td>3 months</td>
<td>Development Staff</td>
<td></td>
</tr>
<tr>
<td>$1,000+</td>
<td>Letter</td>
<td>48 hours</td>
<td>Letter Signer</td>
<td>Phone call from CEO</td>
</tr>
<tr>
<td>$1,000+</td>
<td>Hand-written Note</td>
<td>3 months</td>
<td>Director of Development / MGO</td>
<td>Six month phone call</td>
</tr>
</tbody>
</table>

Table 7: Sample measurement of multi-channel succes

The sample Annual Fund Fundraising Plan in Table 8 shares a report format that pulls all of the moving parts together. You can download the template to create your own plan from our toolkit.
<table>
<thead>
<tr>
<th>Function</th>
<th>Review Date</th>
<th>Due Date</th>
<th>Resources Required</th>
<th>Personnel</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Database Audit</td>
<td>9/1/13</td>
<td>10/1/13</td>
<td>N/A</td>
<td>Annual Fund Manager</td>
<td>Planning - meeting scheduled 7/15/13</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Database Admin IT Staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segmentation Categories and Counts and Counts</td>
<td>10/15/13</td>
<td>11/1/13</td>
<td>Database Audit</td>
<td>Annual Fund Manager MGOs All Development Staff</td>
<td>Reviewing current plan for anomalies, issues to improve in 2014</td>
</tr>
<tr>
<td>Solicitation Timeline</td>
<td>10/1/13</td>
<td>11/1/13</td>
<td>Budget approval</td>
<td>Annual Fund Manager Marketing/Graphic Design Individual Giving team</td>
<td>Requested 2014 marketing plan/timeline</td>
</tr>
<tr>
<td>Annual Fund Budget</td>
<td>9/15/13</td>
<td>10/15/13</td>
<td>Previous years AF results</td>
<td>Annual Fund Manger Director of Development Finance/CFO</td>
<td>Reviewing current budget status and expenses; soliciting quotes from current vendors</td>
</tr>
<tr>
<td>Stationery and Collateral</td>
<td>10/1/13</td>
<td>10/30/13</td>
<td>Marketing plan, logo, images</td>
<td>Annual Fund Manager DoD/CEO approval</td>
<td>Soliciting quotes from vendors; marketing meeting on 7/12/13 to review focus</td>
</tr>
<tr>
<td>Case for Support</td>
<td>Ongoing</td>
<td>11/15/13</td>
<td></td>
<td>Annual Fund Manager Development Team CEO/Board discussion</td>
<td>Schedule preliminary review meeting</td>
</tr>
<tr>
<td>Ask Amounts</td>
<td>10/1/13</td>
<td>10/30/13</td>
<td>Current and previous year results</td>
<td>Development Team Accounting</td>
<td>Review open/paid pledges from previous fiscal years; run average gift vs ask reports</td>
</tr>
<tr>
<td>Stewardship/Thank you</td>
<td>11/15/13</td>
<td>12/15/13</td>
<td>Budget approval</td>
<td>Development Team CEO/Board approval</td>
<td>Draft strategy of comprehensive plan</td>
</tr>
<tr>
<td>1st Mailing</td>
<td>Ongoing</td>
<td>12/15/13</td>
<td>All approvals</td>
<td>All approvals</td>
<td>Due to vendor by 12/20/2013 in order to hit 1/10/14 drop date</td>
</tr>
</tbody>
</table>

Table 8: Sample annual fund fundraising plan
Key Takeaways
Part One: Building Blocks

1. **Conduct a Database Audit** to help you understand who your donors and prospects are, what their behaviors are telling you, and where to focus your efforts.

2. **Starting with clean, consistent and accurate data** by paying attention to data hygiene will help you realize more ROI from your database of donors and prospects, and will help build better long-term relationships.

3. **Apply segmentation strategies** to increase personalized interactions that drive actions, be it different ask amounts, case priorities, solicitation methods or stewardship strategies.

4. **Use a solicitation timeline** to guide your efforts throughout the year and help you avoid over-solicitation and donor burn-out.

5. **View and review your annual giving results** from a multi-channel perspective to help you see the overall success of your annual fund.

6. **Address stewardship** in the annual fund plan by creating and implementing a process to acknowledge each gift.
About WealthEngine, Inc.™
WealthEngine™, Inc. is a leading provider of sophisticated wealth identification and prospect research services to charities, hospitals, institutions of higher education, political campaigns, advocacy groups, and other nonprofit organizations, as well as to firms that offer luxury goods and financial services. Four thousand clients use WealthEngine’s products for comprehensive research on individuals, companies and foundations. Headquartered in Bethesda, MD, WealthEngine serves both the United States and the United Kingdom. For more information, visit www.wealthengine.com.