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Building Authentic Donor Relationships

How The Annual Fund Suppresses Giving *And What To Do About It*



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Richard Perry

- Founding Partner
 - Over 40 years' experience helping non-profits transform their Major Gifts programs
 - Co-founded The Domain Group, which was one of the largest full-service fundraising consulting agencies serving major national, regional and local nonprofits in the United States, Canada and Europe
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What do the annual fund, giving societies and membership programs have in common?





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A contract with the donor that all that is needed is annual giving of a certain amount (or one time or monthly)





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RESULT:

The setting of expectations on the part of the donor that that is all they need to do.



Example of "Regular Giving" And Missed Opportunity

ID	Donor	Year 1	Year 2	Year 3	Year 4	Year 5
212563	Donor Name	\$5,000	\$5,000	\$1,000	\$5,000	\$5,000
407791	Donor Name	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
408716	Donor Name	\$7,500	\$5,000	\$7,500	\$5,000	\$5,000
426650	Donor Name	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
495184	Donor Name	\$5,000	\$5,000	\$5,000	\$0	\$5,000
517433	Donor Name	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
671339	Donor Name	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
978536	Donor Name	\$5,000	\$6,000	\$5,000	\$5,000	\$5,000
1173251	Donor Name	\$5,000	\$2,500	\$5,000	\$5,000	\$5,000
1545383	Donor Name	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
1568419	Donor Name	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000



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Why do donors give?

To make a difference.





Donors Give to... Solve a Problem

Without a societal **problem** to solve...
There is **no compelling offer**.

Without a compelling **offer**...
There is **nothing to present** to your donor.

With **nothing to present** to your donor...
There is **no** chance your programs will **match the donor's interests and passions**.

With **no chance to serve** your **donor's interests and passions**...
There will not be a gift.



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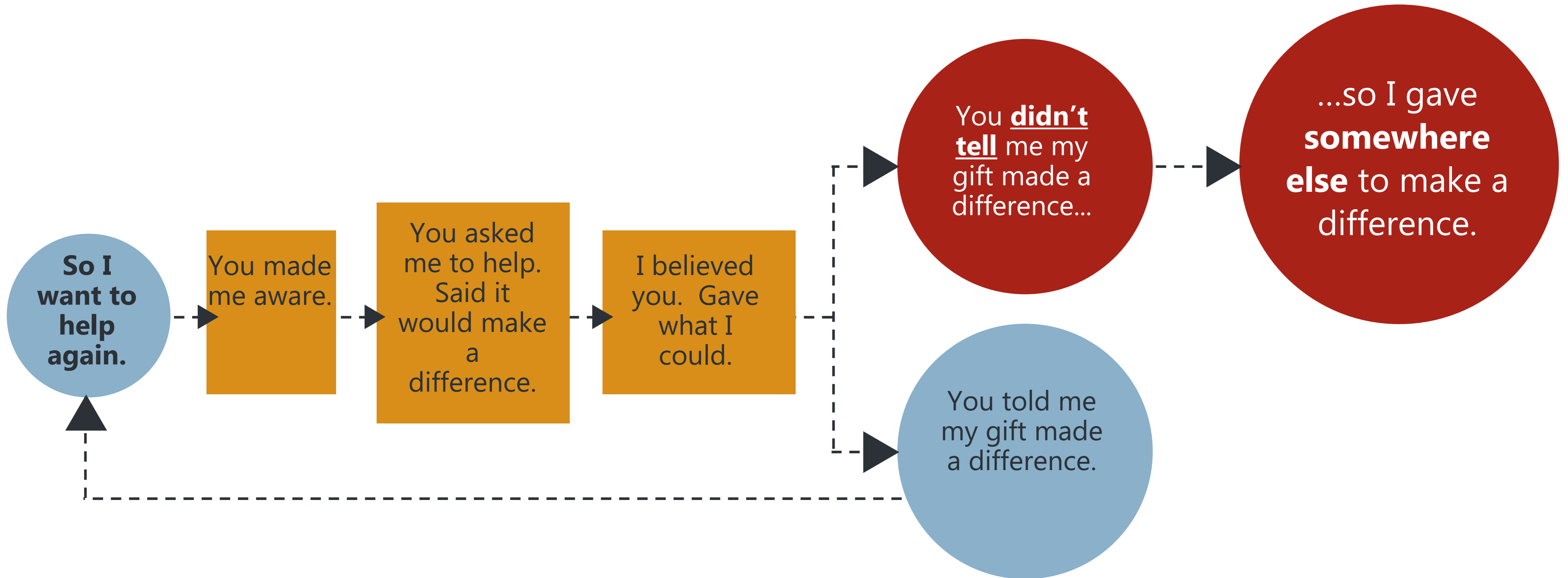
Why Your Donor Will Not Meet with You...

You do not have anything of
value to share with them.





Very simply put...**This is how you lose our donors.**





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What is the
economic result of
this system?





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AFP Survey Data Evaluated

- Nine (9) organizations
 - Three full years
 - All donors giving \$1,000 cume in any one of the last 3 years placed into "Class Years"
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Total Revenue & Attrition

Donor Totals	Year 1	Year 2	Year 3	Total Giving Lifetime
	\$20,022,105	\$19,679,475	\$23,367,033	\$196,675,927
Year to Year Value Change		-1.71%	18.74%	
Period Value Change			16.71%	

Overall, giving has increased almost 17% over three years.



V E R I T U S

Individuals — Summary by Year				
	Year 1 Total Giving	Year 2 Total Giving	Year 3 Total Giving	
Individual Class Year 1	\$10,569,460	\$7,310,556	\$7,521,528	Yr 1 – Yr 2 = \$3,258,904
Year to Year Value Loss		-31%	3%	
Individual Class Year 2		\$3,186,680	\$1,781,772	Yr 1 – Yr 2 = \$1,404,908
Year to Year Value Loss			-44%	
Organizations — Summary by Year				
	Year 1 Total Giving	Year 2 Total Giving	Year 3 Total Giving	
Organization Class Year 1	\$8,918,410	\$5,702,355	\$6,250,004	Yr 1 – Yr 2 = \$3,216,056
Year to Year Value Loss		-36%	10%	
Organization Class Year 2		\$3,177,629	\$1,946,367	Yr 1 – Yr 2 = \$1,231,263
Year to Year Value Loss			-39%	

Total Loss from Year 1 to Year 3: **\$9,111,130**

A group of four diverse professionals (three women and one man) are shown in a warm, indoor setting, likely a break room or office lounge. They are all smiling and engaged in conversation. The man on the left is holding a clear plastic cup with a green drink. The woman in the center is holding a white coffee cup. The woman on the right is holding a blue coffee cup. The background is softly blurred, showing office shelves and another person in the distance. The overall atmosphere is positive and collaborative.

**We Need To Transition
To A New Model**



The Goal

To move from the annual fund/contract model to a model that focuses on a donor's passions and interests and seeks to engage donors more actively.





Why is This Important?

Create a deeper, more personal connection for the donor.

Connect the donor to his/her passion and interest.

Show the donor the true need, not just the annual fund ask.



Serve the Donor's Passions and Interests

ANNUAL GIVING APPROACH

Primary focus is on Annual Renewal. Other strategies are in the background, but they are not the focus of fundraising.

PASSION/INTEREST APPROACH

The priority focus is on donors who have interest and capacity. Annual Renewal becomes a background function like direct mail.



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This Changes Your Strategy

- Identify donor's interest and passion
 - Match to a donor offer
 - Identify a time frame for solicitation
 - Back up to have cultivation steps in place prior to the ASK
 - Ask for the gift
 - Plan reporting back, impact touches for stewardship
-



A photograph of three business professionals standing in a modern office hallway. On the left is a man with glasses wearing a light-colored suit and a patterned tie. In the center is a woman with long brown hair wearing a blue blazer and holding a blue folder. On the right is a man with a beard wearing a dark suit and a dark tie. The background shows a bright, multi-level office building with glass railings. The entire image has a warm, golden-yellow color overlay.

Examples of Doing It Differently



V E R I T U S

Organization	Yr 1	Yr 2		Yr 3		Yr 4	
Social Services	\$ 23,275,000	\$ 27,546,215	18%	\$ 31,736,962	15%	\$ 36,281,988	14%
Veterans Services	\$ 1,985,305	\$ 2,383,265	20%	\$ 2,623,487	10%		
Human Services	\$ 831,872	\$ 928,176	12%	\$ 1,100,548	19%		
Human Services	\$ 496,402	\$ 514,715	4%	\$ 604,654	17%		
Social Services	\$ 753,224	\$ 758,263	1%	\$ 3,100,464	309%		
Human Services	\$ 303,839	\$ 581,189	91%	\$ 940,287	62%		
Religious Services	\$ 305,650	\$ 1,269,095	315%	\$ 1,905,871	50%		
Arts Organizaton	\$ 1,300,489	\$ 1,559,910	20%				
Int'l Relief & Development	\$ 3,649,617	\$ 5,022,343	38%				
University	\$ 4,705,000	\$ 7,470,000	59%				
Food Equality	\$ 6,745,350	\$ 8,329,445	23%				
Drug Prevention Svc	\$ 300,382	\$ 415,637	38%				
Human Services	\$ 548,101	\$ 781,660	43%				
Human Services	\$ 388,895	\$ 537,496	38%				
Human Services	\$ 291,318	\$ 396,339	36%				



What to Keep Your Eye On

If you're serious about keeping your donors, then you need to keep an eye on these areas:

The number of donors who give the same gift amount annually

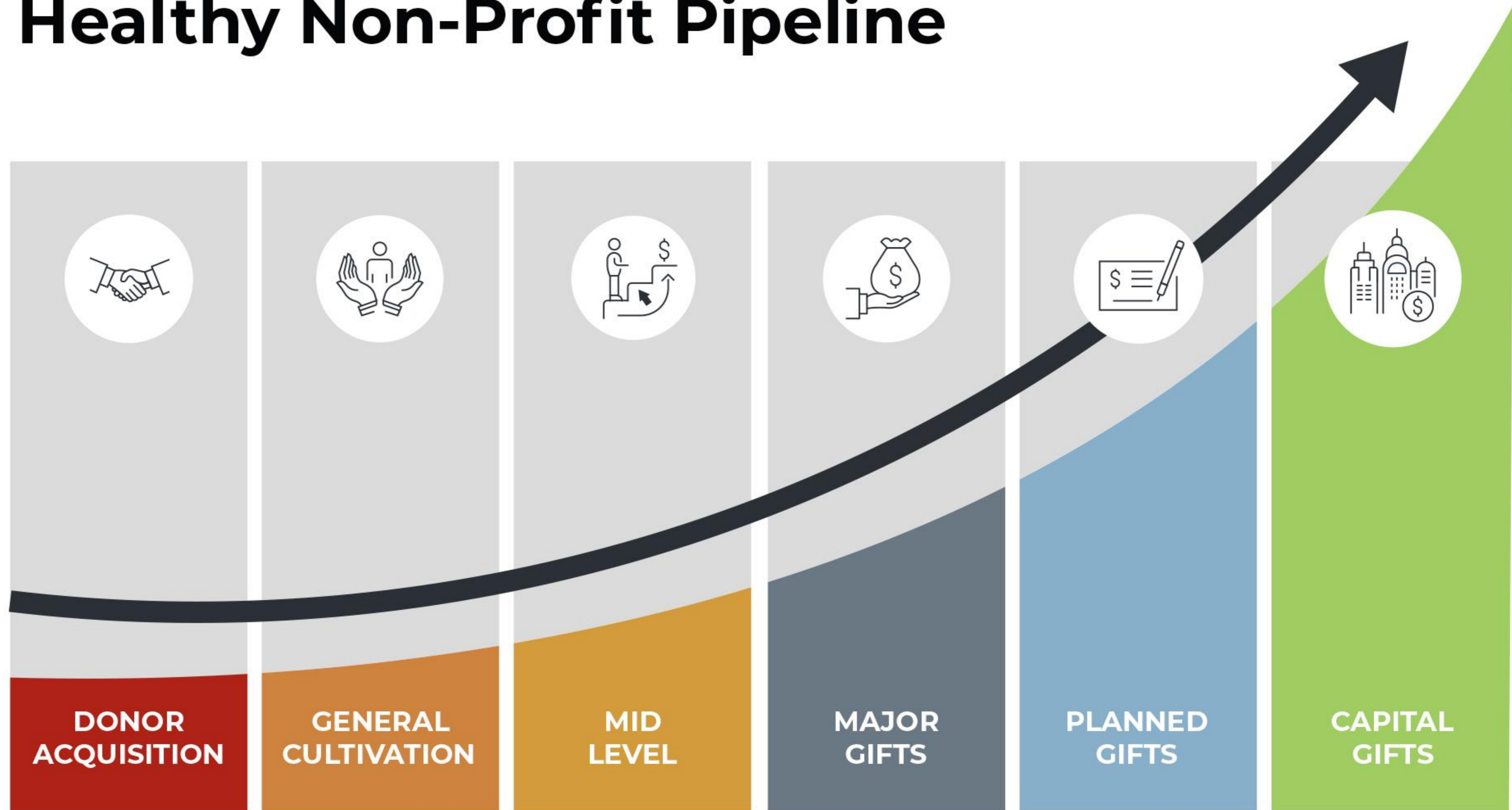
Tracking issues with "new money"

Too much focus on securing new money from new donors

Systems that don't support reporting on impact



Healthy Non-Profit Pipeline





V E R I T A S

Donor Pipeline by Year									
Cume \$ Amount	2018			2019			2020		
	Donor Count	Total Giving	Avg Gift	Donor Count	Total Giving	Avg Gift	Donor Count	Total Giving	Avg Gift
0-24.99	37,386	\$ 526,076	\$ 14	33,482	\$ 483,448	\$ 14	41,891	\$ 607,591	\$ 15
25 - 49.99	37,670	\$ 1,149,311	\$ 31	38,208	\$ 1,165,545	\$ 31	49,136	\$ 1,500,842	\$ 31
50 - 74.99	20,474	\$ 1,099,644	\$ 54	21,730	\$ 1,162,078	\$ 53	29,317	\$ 1,565,958	\$ 53
75 - 99.99	7,548	\$ 615,881	\$ 82	7,790	\$ 636,859	\$ 82	11,068	\$ 911,780	\$ 82
100 - 249.99	35,964	\$ 5,431,462	\$ 151	42,376	\$ 6,562,734	\$ 155	57,915	\$ 8,774,744	\$ 152
250 - 499.99	11,144	\$ 3,562,404	\$ 320	13,603	\$ 4,359,924	\$ 321	17,363	\$ 5,584,093	\$ 322
500 - 999.99	4,793	\$ 2,929,896	\$ 611	5,546	\$ 3,374,804	\$ 609	7,279	\$ 4,437,830	\$ 610
1000 - 4999	3,565	\$ 5,837,030	\$ 1,637	4,109	\$ 6,787,065	\$ 1,652	5,372	\$ 8,659,679	\$ 1,612
5000 - 9999	352	\$ 2,081,730	\$ 5,914	419	\$ 2,504,784	\$ 5,978	481	\$ 2,789,984	\$ 5,800
10000 - 24999	186	\$ 2,448,097	\$ 13,162	226	\$ 3,093,300	\$ 13,687	282	\$ 3,729,583	\$ 13,225
25000 - 49999	49	\$ 1,450,838	\$ 29,609	53	\$ 1,622,488	\$ 30,613	67	\$ 1,995,628	\$ 29,785
50000 - 99999	13	\$ 807,246	\$ 62,096	29	\$ 1,680,920	\$ 57,963	38	\$ 2,102,920	\$ 55,340
100000 - 249999	2	\$ 300,000	\$ 150,000	11	\$ 1,291,011	\$ 117,365	14	\$ 1,621,977	\$ 115,855
250000 - 499999	3	\$ 950,000	\$ 316,667	3	\$ 1,141,773	\$ 380,591	6	\$ 1,584,906	\$ 264,151
500000 - 999999	5	\$ 2,855,098	\$ 571,020	1	\$ 500,000	\$ 500,000	0	\$ -	\$ -
1 Million +	0	\$ -	\$ -	0	\$ -	\$ -	1	\$ 5,000,000	\$ 5,000,000
Totals	2018			2019			2020		
	Donor Count	Total Giving	Avg Gift	Donor Count	Total Giving	Avg Gift	Donor Count	Total Giving	Avg Gift
	159,154	\$ 32,044,714	\$ 201	167,586	\$ 36,366,732	\$ 217	220,230	\$ 50,867,513	\$ 231

Donor Pipeline Summary				
Three Year Average				
Cume Levels	Avg Donor Count	%	Avg Total Giving	Average Gift
0-24.99	37586	20.62%	\$ 539,038	\$ 14
25 - 49.99	41671	22.86%	\$ 1,271,899	\$ 31
50 - 74.99	23840	13.08%	\$ 1,275,893	\$ 54
75 - 99.99	8802	4.83%	\$ 721,507	\$ 82
100 - 249.99	45418	24.91%	\$ 6,922,980	\$ 152
250 - 499.99	14037	7.70%	\$ 4,502,140	\$ 321
500 - 999.99	5873	3.22%	\$ 3,580,843	\$ 610
1000 - 4999	4349	2.39%	\$ 7,094,592	\$ 1,634
5000 - 9999	417	0.23%	\$ 2,458,833	\$ 5,897
10000 - 24999	231	0.13%	\$ 3,090,326	\$ 13,358
25000 - 49999	56	0.03%	\$ 1,689,651	\$ 30,002
50000 - 99999	27	0.01%	\$ 1,530,362	\$ 58,466
100000 - 249999	9	0.00%	\$ 1,070,996	\$ 127,740
250000 - 499999	4	0.00%	\$ 1,225,560	\$ 320,470
500000 - 999999	2	0.00%	\$ 1,118,366	\$ 357,007
1 Million +	0	0.00%	\$ 1,666,667	\$ 1,666,667
Totals	182323	100%	\$ 39,759,653	

A woman with long dark hair, wearing a blue and white striped button-down shirt, is standing and talking to a man. The man is seen from the back, wearing a dark brown shirt. They are in an office environment with desks, papers, and a laptop visible. The lighting is warm and soft. The word "Questions" is overlaid in large white text across the center of the image.

Questions



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