Leading Tactics for
Rural Fund Development

FOCUS B Working with Individual Donors

TACTIC 4 *Provide quality basic donor services*

What is it?

When an individual or other donor contributes to your community foundation or endowment fund, they expect some basic response and services from you. If you want that donor to think well of you and tell other people good things about you, your community foundation or fund must make sure you develop procedures and adopt policies so that every donor's gift—large or small—is accepted legally, acknowledged graciously, and monitored well and in a timely fashion.

In short, to grow endowment over time, you want to provide *every single donor* some excellent basic customer service—otherwise they may never give again.

What exactly is high-quality, *basic* customer service for a donation to your community's endowment? Generally it refers to a standard set of materials you make available or actions you perform well and on time for *each* and *every* donor to your endowment.

To learn more about building ongoing, productive relationships with individual donors, please see:

- **Tactic B-1: Nurture personal relationships**
- **Tactic B-5: Offer high-touch donor services**

How does it *really* work?

Here's a general list of key basic donor services.

- **Basic information:** Help donors know what your community foundation or fund is and does. Everyone who gives to you should automatically receive or have access to all your basic public information and procedures. These might include:
  - Your brochure
  - Your annual report
  - Your newsletter or any regular updates you do by mail, email or on your website
  - Basic details about your grantmaking criteria and methods—either so that they know about them in general, or to help them if they are going to advise grantmaking from their own donor-advised fund
  - Information about the organizations and issues that your grantmaking and program work helps, and the impact you have made (this might be in your annual report, in a newsletter or on your website)

Provide *every single donor* some excellent basic customer service—otherwise they may never give again.

These materials need not be extensive or expensive. For a new community foundation or fund, a simple brochure will suffice. But you do want your accurate and updated basic information in the hands of your best friends—who tend to be the donors who give to you already!

- **Gift acceptance: Help donors give to you easily and smoothly.** Just as when you go to a bank, donors want to step right up to the correct window for the transaction they are planning, and to have someone take good care of them with understanding and efficiency. Rural community foundations or funds can accept many different kinds of donations—cash, stock, bequests, a range of planned gifts, land, valuable animals and goods, vehicles, buildings, artwork, hobby collections, and so forth. (Some of these you may not be able to accept when you are new, but you likely will develop the capacity over time.) That means you want to:

- **Set up seamless and clear procedures to accept and handle each type of gift.** Call on local volunteer or paid professionals to help you here as needed. For example, professional financial advisors can teach you how to set up the legal documentation necessary to accept different kinds of planned gifts. Or you can make arrangements with your broker or investment house to accept gifts of stocks and other securities.

- **Let your donors know the steps for each type of transaction.** Donors want to know what will happen, who will help them along the way, and how long they can expect each transaction to take. Rural community affiliates of the Nebraska Community Foundation, for example, use a set of simple folded brochures on plain paper, one brochure for each kind of gift, that describes the gift type, and then offers them the name and contact information for a specific person who will help guide them through the giving process.

- **Gift acknowledgements: Thank donors.** Follow these guidelines for acknowledging gifts.

- **Thank the donor immediately.** Acknowledge gifts within 24 hours if possible, and always within a week. Have either your board chair or your foundation's director or lead staff person sign this letter. Besides thanking the donor, the letter must state whether any goods or services were provided in return for the gift, and include your organization's tax identification number to meet the gift-substantiation requirements required by the IRS. Whenever possible, add a brief, handwritten note at the bottom of the letter to personalize it. Even a handwritten "Thank you!" serves this purpose.

  If you are a community affiliate fund of a larger "lead" foundation that automatically sends the official gift acknowledgment letter, then send another "Thank you" note from someone on your local board. Donors can't get thanked enough!

Acknowledge gifts within a week or less—preferably within 24 hours if possible, and always within a week. Whenever possible, add a brief, handwritten note Donors can't get thanked enough!

- **Deposit checks promptly.** Once the gift or asset is turned into cash, make sure it is deposited immediately. This is in itself an expression of appreciation—because donors want to feel their gift is valued and needed. But never deposit the check until you have sent a thank-you letter that serves as your formal acknowledgement of the gift.

- **Financial reports and fund statements: Let them know what their assets are doing.** Every gift from a donor goes into a specific fund. Set a schedule for providing donors with regular financial reports about these funds and stick to it.

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There are two types of financial reports that qualify as a basic donor service:

- **Annual financial report.** This report is usually inserted as part of your annual report, or it can be produced and distributed as a separate document. You send or make it available to all donors, once your fiscal year ends and your financial report is vetted and approved by your board. It includes:

- **All new gifts received to the community foundation or fund.** You can do this in the aggregate, providing the number of gifts within some dollar ranges. Some rural foundations or funds, especially in their early years, list every donation by size and by name—respecting anonymity when it's requested, of course—much as colleges do with their alumni giving. It can lend you credibility if others know who is giving, but do respect your local culture on this one!

- **All grants made from the community fund or foundation.** Once again, you can offer one total—in both dollars and numbers of grants, with some average sizes. Or you can offer totals by type of grant (scholarships, arts, community development, education, and so forth). Depending on your size and inclination, you can also list every grant—or even do all of the above.

- **Interest earnings and investment gains for the funds you manage.** Everyone wants to know how well you are doing (or not). It might help if you offer a comparison of your performance to other funds that are familiar to your donors, or to other community foundations.

- **Charges made against the fund—such as your management fee.**
- **Beginning and ending balance for the year.**

In addition, of course, your annual financial report will also include the typical expense and revenue statements relating to operating your foundation or fund.

- **Fund statements.** Some donors who give to a specific type of endowed or non-endowed fund stay involved with you as *donor advisors* who help recommend what grants will be made from that fund. Such funds may include scholarship funds, donor-advised funds, issue-focused, organization, or smaller community funds that affiliate with your foundation. As a basic service, you send every donor advisor reports, known as *fund statements*, about the specific endowed fund that the donor advises.

  Typically, foundations prepare and send fund statements quarterly to their donor advisors, although some do them monthly and some semi-annually. Mirroring your annual overall financial statement, each fund statement should include an itemization of:

  - Beginning and ending balance for the report period
  - All new gifts received to the fund
  - All grants made from the fund
  - Interest earnings and investment gains for the fund
  - Charges made against the fund

As thanks for their generosity, be responsive and attentive to donors both before and after receiving their gifts. This is part of the ongoing "friend-raising" that you want to make part of your basic operating procedure for endowment building.

- **Donor relations: Keep them happy.** As thanks for their generosity, be responsive and attentive to donors both before and after receiving their gifts. This is part of the ongoing "friend-raising" that you want to make part of your basic operating procedure for endowment building. This may require special creativity and attention for rural funds that do not have offices or staff. This includes:

- **Answer their calls and letters.** Hold office or telephone hours that are attended by volunteers or staff at regular times to answer donor questions. For a rural community foundation or fund with no staff, you might ask one or two specific board members to be the on-call "Contact People" for your donors—and let the donors know it.

- **Thank them in public.** Whenever you publish or announce a list of donors—in your annual report, your newsletter, your website, or at a specially funded event, include all the relevant donors, and double-check so that you spell or announce their names correctly! (These little things mean a lot to a lot of people.) But remember to always respect donor requests to remain anonymous.

- **Ask them over.** Invite your existing donors to any special events or activities of your foundation or fund—annual meetings, grant award ceremonies, grantee site visits, receptions with grantees, and so forth.

- **Ask them if they're happy—and what they think.** Although this is one step beyond basic, it's a good habit to get into. Once a year—maybe with the annual report—send your donors a donor satisfaction survey, asking them a few simple questions. This makes them feel valued, helps you learn what you might be doing better, and can even give you some terrific ideas. *(See page 7: "Nice and Simple: A Basic Donor Services Survey.")*

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Building helpful capacities

- **Make customer service Job One.** If you want your rural fund to take hold and take off, all your board members, staff, and volunteers must share a commitment to providing your donors with really great, high-quality, basic services. Explore with your board how you can ensure that your donors are not only satisfied, but *delighted,* with your basic services and your attitude. You might want to start by asking your board

Nice and simple

A basic donor services survey

If you want to find out what your donors think and feel, a few simple questions once a year might give you a good base of useful information and ideas.

1. Do we respond to you in a timely manner?

2. Are your fund statements clear and easy to understand?

3. Do you receive enough information about your fund, about grants, or about other foundation issues as frequently as you would like?

4. What could we do better? If you answered "No" to Questions 1 or 2 or 3, please comment here on what or how we could improve.

5. Would you like to learn more about:

____ Grantmaking opportunities and policies?

____ Ways to give to the community through the foundation (planned gifts, stocks, property, goods, scholarships, memorials)?

____ Our investment policies?

____ Volunteering to help the Foundation and the community?

____ Other: ____?

Check all that apply!

When you do a donor survey, make it as easy as possible for the donor to respond. For example, make the survey a one-page form to fill out with check-lists of possible answers (which looks easy), and include a stamped, addressed return envelope. Or consider sending it to them by email, or using a free or low-cost online survey service such as surveymonkey.com or zoomerang.com.

members what kinds of services they expect and use their suggestions to devise your list of basic donor services and how you will deliver them.

- **For community affiliate funds:** Take advantage of your lead community foundation's systems. Do note that if you are set up as a community affiliate fund of an existing community foundation, your lead foundation likely has systems and policies in place related to most or all of these basic donor services. If so, then work with them so that you understand what they do when they process a gift from a donor to your community fund. Use this *Tactic* to sit down with them and find out what they do and how they do it, so that you can explain it to your donors—and monitor your lead foundation's performance. Also learn what they don't do, so that you can come up with a list of add-on basic donor services you want to provide locally.

- **Set up detailed information systems.** To help provide your basic services, establish a complete and detailed set of information on every donor that will help make it easier to manage and report on the gifts they make, and to monitor and report on all grants made from any funds they advise. What is a "system"? It is a series of steps that go into motion almost *automatically* each time you receive a new gift to your endowment. If you check everything off on the list, you have done a big piece of your basic donor services job! *(See page 9: "The System's the Thing: Basic donor information checklist" for examples of the information to consider including in your system.)*

- **Learn about available technology—but use what works.** Technology that can help you with basic donor services ranges from fairly simple and inexpensive to very complex and expensive. A simple Excel spreadsheet can be enough to get you started on the information recording—but so can a really good card file! When you need more capabilities and capacity, consult other nonprofits, community foundation colleagues or your regional association of grantmakers to learn about what others use and how it works.

- **Ask for help.** Seek free advice from your board and from financial advisors when you need to establish clear methods and policies to carry out your gift transactions. Remember that you can also contract with professional financial advisors or lawyers for specific transactions on a short-term basis. A little paid help might go a long way!

The system's the thing

Basic donor information checklist

All of the information on this checklist is good to have in your basic donor information system. In addition, you must put procedures in place to follow-up as necessary.

Gift/donor information

It is great to record as much of this as possible at the time of the donation—or through a follow-up call or visit shortly thereafter.

- ✓ Complete contact information—name, address(es), phone numbers, fax and email addresses—and where they would like their mail sent. (This last is more important than you might think!)
- ✓ Amount of initial gift, as well as information on all additional endowed and non-endowed gifts received (amount, types, dates received).
- ✓ Is the gift anonymous or may it be publicized?
- ✓ Is the gift in honor or memory of someone?
- ✓ Would the donor like to visit any grantees, people or organizations that benefit from the gift (when applicable)?
- ✓ Would the endowed-fund donor like a picture of themselves or their loved ones for the annual report?
- ✓ Any comments by the donor about what he or she wants the gift to accomplish over time?
- ✓ Comments on the donor's family, business, community and personal philanthropic interests.
- ✓ A list of all the communication that you plan to send to this donor (thank you letter, annual report, newsletter, fund statements, etc.) or assistance you plan to schedule (call from board member, visit with financial advisor). You can check each off and date it when it is complete.

Grant Information

If you record this basic information for each grant for every fund you manage, it's much easier to produce the grants-reporting portion of your donor fund statements.

✓ Information on each grant application and review (including the date each application is received and reviewed).

✓ Grant award dates, amounts and reporting or monitoring process.

✓ Minutes from grant award meetings, which show adherence to your grant-making procedures.

- **Pay attention to detail—and to getting better.** Create methods from the get-go for tracking and addressing donor satisfaction and complaints. These methods can be as simple as a spreadsheet or donor list where you record donor comments, or as formal as an annual donor questionnaire that you analyze, both to show changes in donor satisfaction over several years—and to make changes that increase their satisfaction!

The usual—and unusual—suspects

- **Endowment donors.** Whatever the size of their endowed fund or their contribution to one, your donors to endowment must receive good basic service. Your attention and courtesy to current donors will produce satisfied customers who are likely to make more gifts, and also more likely to tell family and friends about your organization. Remember: Research shows that it is more efficient—in terms of time and money—for nonprofits to cultivate existing donors for larger gifts than it is to acquire brand new donors!

- **Non-endowed fund donors.** Some donors begin by giving you funds for immediate activity or grantmaking purposes. If they are delighted with your donor service for these "pass-through" funds, they may decide to support your endowment next time. Take advantage of the relationship you are building and use it as an opportunity to grow endowment.

Obstacles & challenges	Eliminating the fear factor
Providing these basic services takes a lot of tough and tedious work. It takes a great deal of effort to build rudimentary systems and procedures. Perhaps more important, it takes discipline to maintain and improve them.	**Don't start from scratch.** Contact other nonprofits or funds you know that do a lot of fundraising to find out how they track their donations and communicate with their donors. Adapt the outline of one of their systems to build yours. And ask for help when you need it, whether from board members or other volunteers. You may be surprised. Some people actually *like to* keep information in order, write thank-you notes, build computer databases, and track checklists—because it offers an immediate sense of accomplishment!
We are growing too fast to keep up our quality! When you grow suddenly because of some big promotional event or endowment campaign, the instant overload can deteriorate your donor services. Plus sometimes it's hard for volunteers to provide time-sensitive services even with normal growth.	**Plan ahead—and make it fun!** Watch how your volume is increasing in the normal course of things. Once you see a pattern that you are falling behind, don't panic or overhaul your system. Instead, have a meeting to analyze how you might make one or two simple changes to break the logjam. Likewise, if you know some activity or event or publicity is likely to create a lot of donor transactions, schedule a gift-processing party within the week after. Use a little bit of those new funds to provide a good meal for good volunteers as they spend an evening or half a Saturday to get a whole lot of processing done!
Donors expect too much. Providing these services is time-consuming. It is sometimes difficult for donors (and board members) to appreciate how much time it takes to provide good donor services. Board and donor expectations about what rural fund volunteers or part-time staff can do *can* be unrealistic.	**Be clear about what you can and will do—but meet those expectations.** Make it clear to everyone what you will do, in what time frame, and that it takes time and attention to get things right. Engaging some board members in delivering your basic donor services may provide the reality check needed to adjust your timing and services. Better that you make things clear to donors and meet or exceed those expectations than that you over-promise and fall behind!

Types of gifts, payoff, payoff horizon

- **All gifts**. Gifts from current income as well as from estate assets merit excellent donor services.
- **Surprise gifts!** More sizeable bequests often come from donors who make small gifts during their lifetime, but grow to trust your community foundation or fund over time.

The payoff for your organization is becoming known as a quality organization that is meticulous at the little things—that is, handling gifts and treating donors politely and well—that make a big difference. A reputation like this ensures that you will continuously grow your pool of donors.

The payoff for providing basic donor services spans the short to long-range horizon.

RFD Tool Box

All the resources that follow relate to providing quality basic donor services. The websites listed are active links to the materials that are available online. Where materials are not available online, use the email links provided.

Helpful examples from your peers.

Leading or representative examples of good practice by colleague community foundations or funds.

1. Donors' Handbook

Details: The North Valley Community Foundation in Chico, California, prepared this easy-to-read but comprehensive *Donors' Handbook* to inform their current and potential donors about the giving opportunities, policies, and practices available through the foundation. It is a great example of how to consolidate most of the information a donor may need or want into a single, pleasant-to-read reference. Notice especially the tables they include about the steps and timetable for different kinds of endowed gifts.

Download: www.aspencsg.org/rdp/_documents/tactics/donors_handbook.pdf

Contact: North Valley Community Foundation, 530-891-1150, NVCF@nvcf.org, www.nvcf.org

2. Acknowledgment letters

Details: Here is a set of template "thank-you" letters that the Winston-Salem Foundation uses for different kinds of donor acknowledgments, including: general fund endowment donor, stock gift donor, memorial gift donor, new fund donor, charitable remainder trust donor, real estate donor and more.

Download: bestpractices.cof.org/files/EP.PacketofWSFSampleackltrs.doc

Contact: Winston-Salem Community Foundation, 336-725-2382, www.wsfoundation.org

3. Tools for donors

Details: This Nebraska Community Foundation link, which is targeted at their rural community fund affiliates, is a good example of how you might use a website as a donor service, making it easy for your donors and their professional advisors to find information they need. You'll find some of the brochures that describe different kinds of gifts on this page.

Online: www.nebcommfound.org/tools4donors.htm

Contact: Nebraska Community Foundation, 402-323-7330, www.nebcommfound.org

4. Itemized list of donor services by fund type

Details: Here's a simple and effective list of the basic donor services that the Humboldt Area Foundation provides to donors who set up different kinds of endowed funds. It is a great way to help donors understand and know what services to expect—which sets up the right expectations at the start of your relationship.

Online: www.hafoundation.org/donor/services/index.html

Contact: Humboldt Area Foundation, 707-442-2993, www.hafoundation.org

How-to's and templates.

Generic templates or additional explanations that can help you.

1. Sample Gift Acceptance Policy
   www.aspencsg.org/rdp/_documents/tactics/gift_acceptance.pdf

2. Sample Language for Fund Agreements
   www.aspencsg.org/rdp/_documents/tactics/fund_agreements.pdf

3. Sample Donor Fund Statements
   www.aspencsg.org/rdp/_documents/tactics/donor_statements.pdf

About the publication

Leading Tactics for Rural Fund Development

Raising endowed assets in a rural setting can be *very different* from asset development in urban or metropolitan areas. *Leading Tactics for Rural Fund Development* was written specifically for rural leaders who want to raise endowments in and for their community.

This *Tactic* is one in a series developed specifically to make the job of the rural fund developer easier. The *Leading Tactics* were compiled from on-the-ground experience with rural endowment builders by the Aspen Institute Community Strategies Group with significant assistance from the Southern Rural Development Initiative. Most *Tactics* were then vetted and improved by a dozen rural community fund developers at a Knowledge Lab in early 2005. The Lab was sponsored by New Ventures in Philanthropy, a national initiative of the Forum of Regional Associations of Grantmakers, which also provided follow-up support to help complete the *Tactics.*

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A NATIONAL INITIATIVE OF THE FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS

www.givingforum.org

SRDI

www.philanthropyindex.org

Please go to any of our websites to find more than a dozen other *Tactics* in this series in the following four focus categories:

- *Focus A:* Understanding and Leveraging Endowment In and For Your Community
- *Focus B:* Working with Individual Donors
- *Focus C:* Engaging the Entire Community in Building Community Assets
- *Focus D:* Targeting Community Endowment for Community Outcomes