

Leading Tactics for Rural Fund Development

FOCUS C

Engaging the Entire Community in Building Community Assets

TACTIC 1

Use direct mail to seek endowments

What is it?

Direct mail refers to printed information, letters and requests that are sent to targeted individuals, families and businesses using the U.S. mail or other delivery service. Although most people associate direct mail with advertising or being asked for contributions, this tactic also offers an excellent way to educate your community about what your foundation does and why its work is important—and to acquire new donor prospects.

Direct mail has its origins in the private sector. Its use by businesses has grown dramatically over the past few decades. Companies use direct mail to offer merchandise and services directly to potential customers whose demographic profiles—their age, location, gender, income or purchasing history—make them likely to buy the company's products.

But direct mail is also an effective tool for nonprofits. Nonprofit organizations, social service agencies and charities have long used direct mail letters to ask for donations. Over the past 25 years, direct mail has become a standard tool for fundraising for many nonprofits.



Most urban-focused and larger community foundations will tell you that you simply cannot build permanent endowment funds using direct mail, precisely because it is considered a *fundraising* tactic. They say that it's just not right for endowment building—it's only appropriate as a way to solicit funds today that you will spend tomorrow.

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But in some rural places, there may well be an important role for using direct mail to solicit small or large contributions that will go to endowment. Why? Here are two reasons to start:

- Even if people don't contribute, it's a very good way to get them to learn about you and what you are doing—and in spread-out rural areas with small populations, it's a pretty efficient way.
- In rural places you have a smaller base of potential donors, so it's important both for financial and for “community ownership” reasons to get as many people as possible to know about and give to your fund, no matter the amount.

In short, direct mail may be the way to reach some donors or influential locals who would not give any other way. And *once they give, why, you've become their community foundation.*

How does it *really* work?

Let's start with some vocabulary. If you're considering direct mail, you'll need to learn about mailing lists, because they are what fuel its success. The better your list, the better your outcome is likely to be. There are three main types of mailing list:

- **General mailing list.** This list includes everyone with whom your foundation or fund has had some contact as well as people you try always to keep in the loop. For example, it might include your board members, current and past donors, potential donors and supporters, grantee nonprofit organizations (even nonprofits that have applied but not received a grant) and *their* board members, and local businesses.

- **Blanket mailing list.** A blanket mailing list is some larger universal list that is not limited to people who are already interested in your organization. For example, if you arranged to collaborate with a local bank or a utility company to include inserts about your community fund in mailings of their bank statements or utility bills, you would be using a blanket mailing list that covers a wide swath of the community. Another kind of blanket mailing occurs when you arrange to have an insert about your organization circulated with the local newspaper. Sometimes people even buy blanket lists—for example, you might purchase address labels for everyone living in a certain zip code.
- **Targeted mailing list.** A targeted mailing list usually includes only a subset of a general or blanket mailing list. It is designed to help you reach out to a specific audience. For example, you may want to target only people who live in the eastern half of your county, or perhaps people who have given you a contribution in the last five years. That's a target.

Now that you know some of the vocabulary, here are a few other things to keep in mind before you take a direct mail plunge.

- **Many are posted, but few respond.** The vast majority of people who receive your mailing won't answer it. According to direct-mail experts, if a mailing is meant to generate new donors, if 6 to 8 percent of the people answer, it's good. If you're mailing to existing donors, you can hope for a return of between 4 and 10 percent.
- **Send out the reinforcements.** Keep in mind that the mantra or motto for successful direct mail is *Recency, Frequency and Repetition*. This means that your direct mail pieces must reinforce—and be reinforced by—other communication you have with people throughout the year. In short, newsletters, mentions in the newspaper, invitations to gatherings, annual reports and thank-you notes help soften folks enough to respond to your direct mail message.
- **Manage your expectations—and capacity.** Although some community foundations and

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funds succeed in using direct mail to raise funds for specific purposes (even endowments), it is generally not your most effective tool for endowment development over the long haul. Direct mail usually generates small contributions that require lots of people and good systems to process. That means it increases the number of transactions for your foundation, which you will have to handle with limited staff resources, if any. Think about this!

Building helpful capacities

Once you have decided that direct mail is a tactic that can be effective for you, here are some tips to help you proceed.

- **Create a direct mail working group.** You may want to recruit a working group to take on your direct mail efforts. Using volunteers who have some expertise to help you plan, write the letter, create or update your mailing list, or who know the community well, is a terrific way to start. You also need volunteers willing to do the basics—like stuffing, labeling and stamping those envelopes. You can even hand-address them—people open mail with real handwriting on it!
- **Choose carefully when to use it.** Direct mail will never become your primary endowment-growing tactic. So consider with care when you do want to use it. Direct mail can be very useful for short-term campaigns. It can work when a donor has given you an endowment pledge that you have to match. Or you can make an annual appeal for contributions to support your operations and staffing (which you *do* need, after all, to help build endowment). Some rural community funds recruit local people as “members”—via direct mail—with an annual modest community fund membership fee that goes to endowment or operations, which is a way to build friends, visibility and support.
- **Develop your overall plan.** Ask yourselves these questions—and answer them—to establish your plan.

Direct mail is generally not your most effective tool for endowment development over the long haul. But it can be very useful for short-term campaigns.

- **What is our goal?** Is it financial, or visibility, or educating people about who we are—or some combination of these? And what do we reasonably expect to happen because we do this mailing?
- **Who is our audience?** Is it our general list, a larger list, or some targeted group?
- **Who will develop our list and maintain it?** Get your mailing list as clean as you can before you start. If you start with a good mailing list, you won't waste time and postage on outdated addresses.
- **What's in the mailing?** Sure, there will be a letter, but what else? Will we include a brochure? Will we provide a return envelope or pledge card? And the outside envelope is important too—will we put copy on the outside that urges people to open it? Do we need any special design help?
- **Who will write our letter (and any attachments)?** Make the letter personal—one person writing to another. Use the word “you” often!
- **Who will sign our letter?** The person who signs the “ask” letter should also sign the thank-you letter.
- **When will we send it?** It helps to impart a sense of urgency with your timing. For example, set a deadline by which you must meet a match, or ask for funds at the end of the year that will qualify as charitable contributions on your donors' taxes. But do coordinate your mailing so that it complements your other communications and does not conflict with other local nonprofit mailings.
- **How often will we send it?** Is this a one-time effort? Will we send reminders? Will we do it every quarter or every year? Direct mail benefits most by volume: The more pieces you mail, the better. If you're trying to build an endowment

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through a campaign, send out your letters at the start to let them know about your effort and goal, and again near the end of your campaign, when the recipients are familiar with your organization and its goal and you can report progress and the urgency of the approaching deadline.

- **How else will we reinforce it?** As you can, use complementary publicity—a news release, radio public service announcements, paid advertisements, or a progress report in your newsletter—to build around your appeal.
- **Who will handle the responses?** Who will record and process the contributions that come in? Who will send out the thank-you letters? Who will add the new responders to our general mailing list? Be sure that you have people assigned and a process and materials in place to receive, record, deposit and acknowledge contributions. And it always helps to keep donors informed about progress towards your goal or its overall success—it makes them part of it, and part of your foundation!
- **What is our budget for doing this mailing?** And who will track our expenses as we go?
- **Who is in charge of keeping all this on track?** The bucks won't ever come in unless the buck stops somewhere!
- **Get your message right.** Of course, your most important decision is what you are going to say in this mailing to convince the people who receive it to *do* something—and what you are going to *ask them to do*. Craft a compelling message that:
 - **Explains what your community foundation does,** and why it *benefits* both them and the community.
 - **Details the special opportunity or challenge** that compels you to write to them *now*. This might be a challenge grant you must meet, or the need to

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address a special community issue, or even the chance to support your fund's staffing and operations.

- **Directly “asks” them to be part of your foundation’s good work** by contributing some of their time, treasure or talent.
- **Makes it easy to respond.** Use a reply card that offers a range of options or suggested levels of giving. Example: “Your gift of \$15, \$25, \$50 or more will be put to work right away in our community.” Or let them check off if they want to know more about your community fund, your grantmaking or planned giving. People are much more comfortable responding if they know what’s expected. You can also give them multiple ways to answer—by phone, mail, website—which allows them to choose what is easiest.
- **Thanks them for whatever they can do** at this time, even if it’s only offering you their good ideas and good will!

Remember as you plan your message that you can use direct mail to cultivate and educate donors without asking them for any money. Every time you offer a potential donor useful or interesting information, you are “friend-raising.” Because educational and promotional mailings that do not ask for money are not intended to garner immediate gifts, the responses you get often are more positive. You have an opportunity to build awareness, educate the public, enlist new volunteers and build stronger bonds with current supporters. Direct mail can also help publicize one of your new programs, or an award another organization or funder has given you. All these things lend you credibility with potential donors—and it may turn into endowment contributions sometime down the road when you least expect it.

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The usual—and unusual—suspects

- **Current donors.** This is your most lucrative target group. These people already know you and support your goals.
- **Past donors who currently are not active.** Donors who no longer are active need reminders that you're still around. If you bring them up to date about your organization's current projects, they may support you again!
- **Professional advisors.** If you're hoping to identify potential donors, professional financial and legal advisors are an important target group for you. They need to know about your organization before they can refer their clients to you.
- **Local businesses.** This group is a good target; many businesses are civic-minded and looking for ways to help their communities.
- **Snow Birds or Sun Birds.** Don't forget about your seasonal residents. Keeping these people on your mailing list is an inclusive gesture. When they return the next season, they will feel even more a part of the community.
- **Community or regional alumni or extended family.** Most people have a soft spot in their hearts and their wallets for their hometowns, or for the homeplace of their ancestors. Many come back for alumni events, to visit old friends, or for multi-generational family reunions. Being on your mailing list lets them remain active in the community.
- **General public.** Though response rates from the general public may be low, mailing to people who don't know your foundation can expand the network of people who know about your organization and its work.

Obstacles & challenges

Eliminating the fear factor

Direct mail has broad, not deep, impact. It's not a good use of our time or resources. Direct mail lends itself better to raising funds for something immediate and tangible—such as a community playground or some other local project—than it does to trying to develop endowed assets through larger gifts and bequests.

Direct mail can win new friends and influence new people. Many community foundations have used direct mail very successfully. It's a good way to stay in touch, whether you use it as part of a fundraising campaign or to educate people about the foundation and local issues. It helps keep you in people's minds when they *are* ready to give!

Direct mail is an industry with its own mystery and jargon. We don't want to get into it—it's some kind of specialty that requires expertise and people who use it seem to talk a different language.

Direct mail only seems threatening and difficult. Everyone does it. Don't let the terminology scare you off! Have a few conversations with local business people and perhaps the post office to learn about the process. Study letters and other pieces sent by people around your area who have used it with success. While some of their methods seem hokey, they use them because they work!

Direct mail is too labor intensive. It produces too little return for the effort. With no staff or a very small one, a big direct mailing seems too complicated. How can our small rural fund manage all the planning and tasks and transactions it will take to do this well?

Start small and make it a community effort. Doing a mailing is a great way to get new volunteers involved in your work. You can give them discrete tasks as part of a team effort, where your progress can be celebrated and they can feel instant gratification and see tangible results.

Is it even possible to get enough money from a broad, general audience to make such a mailing cost effective?

Experience shows that well crafted and targeted direct mailings do succeed when used to meet challenge grants for building communitywide funds, or to address other specific purposes. And beyond the money you raise, a well-crafted message builds your visibility and reputation.

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Obstacles & challenges

Eliminating the fear factor

Buying mailing lists is too costly. Large-scale direct mail often includes purchasing lists of various kinds, which can be very expensive. We can't afford that.

Grow your own list. Develop your own lists with volunteer help. Start with the rolodexes (or PDA contact lists) of all your board members. Add people you know from your church or your children's school events. If need be, harvest a few names from public sources, like voting and real estate records. There's always the phone book! Simply start with those you know!

Our board members are reluctant to sign the letter or ask for money from their friends. We don't want to ask them to sign this letter. It's just not done in our community.

Write an effective letter. And don't pressure them. Seek help in drafting the letter from staff or board members who have experience in writing them. If the letter's tone is right, friends and family won't feel pressured; they'll be honored to be included in a good cause. Make them feel comfortable if they decline for any reason.

One good approach is to use one generic letter signed by your director or your chair—and then have board members attach short personal handwritten notes to their friends. Nothing gets the checks written faster than a handwritten note simply telling folks who respect and like you how much something means to you!

We don't want to compete with other nonprofits in our town. Our local nonprofit organizations all do direct mail, and they will think we are competing for scarce resources with them. They think it is unfair.

You exist to help nonprofits, not compete with them! Even so, pay attention to local goings-on. Remember that community foundations exist to help other nonprofits, not to compete with them. One local fund makes the point this way: Donors are not giving **to** the community foundation, they are giving to other nonprofits **through** the community foundation. By growing endowment, you are ensuring there will be some resources for those nonprofits in the dry years!

In some rural places, you may be the first organization in your area to use direct mail as a fundraising tactic. If so, share what you learned from the experience with other local nonprofit organizations. At all times, do keep track of what other nonprofits are doing, and do your best not to conflict with the timing or purpose of their appeals.

Obstacles & challenges

Mailing is expensive. And adding postage to pledge cards or mailers just adds to the cost!

Eliminating the fear factor

You can find other delivery routes! Research shows that a postage-paid envelope or card does not increase the response rate for most mailings—so don't bother. Also have a chat with your postmaster and find out what qualifies for cheap bulk mailing rates and how to assemble the mailing pieces to be processed by the post office.

If you want to blanket your area, ask if you can include your message in other mailings, such as in utility bills, school mailings or bank statements. While other organizations may not be willing to send a direct fundraising appeal in their mailings, they might be willing to include an educational piece.

Types of gifts, payoff, payoff horizon

- **Pledges.** Direct mail is ideal when you're asking for pledges. Pledges are much easier for most people to respond to because they allow people to contribute smaller amounts of money over an extended period. People can plan for pledges in their budgets.
- **Small to medium gifts.** While every dollar is helpful, it is true that receiving and processing many small checks can be trying; it costs as much to process a small check as it does a large check. But if you're planning on using direct mail, simply plan ahead and know that check processing can be labor intensive.

The payoffs (see "*What's the payoff?*", next page) for using this tactic include making the foundation known to new groups of community residents, and it's also a great way to keep your mailing list current. (The post office will return mail with bad addresses!)

If you're using direct mail for a fundraising campaign, your payoff horizon can be immediate. If you're using this tactic to build endowment with major gifts, the payoff is likely long-term.

What's the payoff?

- Direct mail is a good way to reach everyone in your region and build awareness of your community foundation.
- Direct mail can help you identify potential donors and volunteers.
- Because a direct mail fundraising campaign usually solicits small-sized contributions, it provides an opportunity for many people to become donors and feel part of your organization's family.
- When a direct mail campaign to meet a challenge grant succeeds, it gives donors a positive feeling about meeting such a challenge.
- Running a direct mail campaign is a good hook to recruit volunteers, and to ease a volunteer committee into other types of fundraising.
- Using direct mail as a tactic can increase the number of gifts to a particular fund, and potential continuing gifts—especially for a fund with a challenge grant from a corporation or foundation.

RFD Tool Box

All the resources that follow relate to using direct mail to seek endowments. The websites listed are active links to the materials that are available online. Where materials are not available online, use the email links provided.

Resources for the field. Key organizations and resources that provide critical tools and information to the entire philanthropy field.

1. The Nonprofit FAQ: How do you decide if direct mail is right for you?

Details: Read through this helpful commentary offered by Mary Ellen Barnes, but also go back to the main FAQ webpage, where you can find more help and resources on direct mail.

Contact: Idealist.Org, www.nonprofits.org/npofaq/08/07.html

2. A Direct Mail Fundraising Primer

Details: Many sites developed by small firms offer useful direct mail advice and we certainly have not reviewed them all! We are not promoting any one of them, but this one does contain a great deal of information, all free, from an expert in nonprofit fundraising.

Contact: [Mal Warwick](mailto:info@malwarwick.com), Mal Warwick & Associates, Inc., info@malwarwick.com, www.malwarwick.com/direct.html

Helpful examples from your peers.

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

1. Dear Mr. and Mrs. Citizen:

A year-end annual endowment appeal and reply card

Details: This simple and straightforward Eastern West Virginia Community Foundation letter and reply card mailed with a self-addressed (but not stamped) return envelope. *And* the president (board chair) hand-signed every letter and added a personal note to folks she knew.

Contact: Eastern West Virginia Community Foundation, 304-264-0353, info@ewvcf.org, www.ewvcf.org. Download both the appeal and the reply card together at www.aspenccsg.org/rdp/_documents/tactics/dear_citizen.pdf

2. Unlocking the Best Kept Secret in Cochise County

Details: Here's an example of a direct mail letter used for prospect development—that does not even ask for funds. The Arizona Community Foundation worked with its affiliates in Cochise and Yuma to mail this letter to people identified through using [The Philanthropy Index](#) process, along with 1,600 high-net-worth individuals in Cochise and Yuma Counties. The cost of the campaign was \$7,000, and had a good initial response. Their report says: “Even one new donor could make the difference and justify the cost of this direct mail campaign.”

Contact: Carla Roberts, Cochise Community Foundation (an affiliate of the Arizona Community Foundation), croberts@azfoundation.org, www.azfoundation.org. Download both the letter at www.aspenccsg.org/rdp/_documents/tactics/cochise_letter.pdf

How-to's and templates. Generic templates or additional explanations that can help you.

1. How to Develop In-House Lists

www.aspenccsg.org/rdp/_documents/tactics/lists.pdf

2. How to Write a Direct Mail Letter

www.aspenccsg.org/rdp/_documents/tactics/direct_mail.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*.

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



