



What's driving your donors?

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In seminars I teach at conferences, I'll frequently ask participants, "What is the primary purpose of development?"

Answers will vary, but they tend to predictively cluster in several areas like *raising funds, building relationships, mobilizing support* and *advancing the organization's mission*.

After hearing from the seminar audience, I'll tell them what *I'm* convinced is the primary purpose of development:

To create and keep the right kinds of donors.

Creating donors entails a host of activities, including developing a robust case for support, branding, developing a website, marketing and communications, social media... The list goes on.

And foundational to all these activities should be developing and articulating a ***distinctive value proposition***, something that positively differentiates your organization from the herd and should function as the cornerstone of your organization's strategy.

A value proposition recognizes that increasingly, development departments must be about the business of ***mutual value creation***: proactively creating value for donors and other stakeholders as they go about creating value (gift income, a healthy donor base, visibility, brand equity, etc.) for their organizations.

But *keeping* donors increasingly entails knowing what value *is* for your donors, and more specifically, what are the ***key value drivers*** for your donors.



Do you know what's driving your donors?

Our research has confirmed that there are a couple dozen potential drivers of donor satisfaction, loyalty, retention, and consequently donor lifetime value. We now know with certainty that these drivers vary by organization, and that while some generic philanthropic motivations apply to many organizations (helping others, doing good, making a difference, etc.), each donor base has a distinctive "personality" and a distinctive mix of *key drivers*.

Thus, the myth of the “average donor” is a potentially dangerous myth indeed. In fact, despite 50 years of experience in development internationally, I have yet to meet the “average” donor.

What’s more, our research confirms that key drivers not only vary *between* organizations, they often vary *within* organizations by donor segment.

That is, key drivers for major donors can be different than those for medium and mass (small) donors giving to the same organization. (*Major, medium, and mass* donors are somewhat generic terms for fairly broad vertical segments of a donor “pyramid” reflecting varying amounts of donor value, such as average annual giving. Criteria for these segments will vary by organization.)

Now here’s the head-scratcher:

In the interest of donor retention and lifetime value (LTV), it can be argued that nothing is more important to the success of development than consistently delivering on these key drivers.

Yet decades of experience have persuaded me that perhaps one in 100 development departments could provide empirically (i.e., research) based answers to the critical question of what drives *their* donors’ loyalty.

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**“Give me six hours to chop down a tree and I will spend
the first four sharpening the ax.”
– Abraham Lincoln**

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Abraham Lincoln wisely noted that if he had six hours to chop down a tree, he’d spend four hours sharpening the ax. For those in development, sharpening the ax includes *knowing*, not merely guessing, what drives donor loyalty and thus lifetime value.

In case the logic is unclear to those who haven’t thought in such terms, here it is in a nutshell:

1. Organizational gift income is a function of ‘LTV’: donor ***lifetime value***.
2. LTV directly correlates with donor ***retention*** (anyone inclined to contest this need only compare the average value of a typical new donor to the average value of multi-year donors);
3. Donor retention is a function of donor engagement and ***loyalty***;

4. Loyalty is largely a function of donor *satisfaction*;
5. Satisfaction is a function of meeting or exceeding donor expectations, or, put differently, creating *value* for donors, however *they* define it.

Illustrated diagrammatically, here's the causal chain:

Value creation → Satisfaction → Loyalty → Retention → Lifetime value

In short, key value drivers *for* donors are in turn the key drivers *of* the financial success and even the sustainability of many nonprofits.

Do you know what's driving *your* donors?

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