

# The Warm Glow of Giving

## 21<sup>st</sup> Century Philanthropy

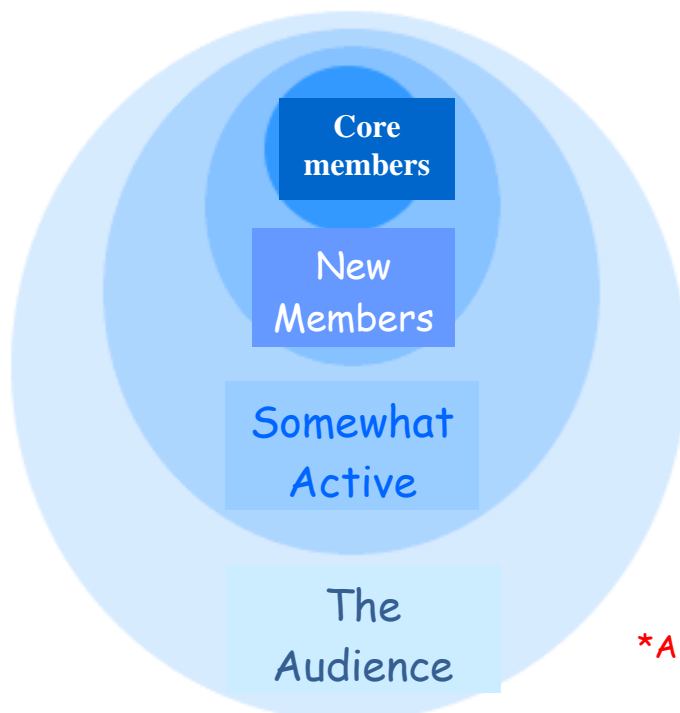


2008 Annual Meeting  
The Unitarian Universalist District  
of Metropolitan New York

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## Who gives and who is NOT going to give?\*

1. **Core Members:** You know who they are - they give every year; there is a consistent trend in their giving toward increasing their pledges each year. They volunteer when asked. They serve on the board or committees; they sing in the choir, teach RE, host potlucks, cook, clean and garden. They know what the church means in their lives and they give of time, talent and treasure.
2. **New Members:** Unless they are "new" members because they finally got around to signing the book after having been attending for years and years, this group will be among your most generous and committed givers. They are so happy to have found your congregation and are full of enthusiasm and, as of yet, haven't developed any bad habits with regard to giving.
3. **Somewhat Active:** They slip in and out of closer connections in the congregation. They attend Sunday services and some special events. They may or may not have had greater involvement in the past (see Heisenberg's Theory) but right now at this moment the congregation is not at the epicenter of their time and interest.
4. **The Audience:** While they enjoy attending some services - maybe a family tradition is attending the Christmas Eve services - they haven't connected with committees or other programs in any meaningful way and they like it that way. They are looking for a "no strings attached" church. In performing arts terms - these are not your season subscribers.



\*A lesson in letting go of outcomes.

# What kind of givers are in our UU congregations?

## Practical or Social Givers

In most congregations, one group, often including many of the lay leaders, seems to support the congregation from the excitement of being part of a community that is building something of worth. These *practical givers* respond to one another's leadership, especially leadership by example. Their giving is, at least in part, an act of reciprocity: I give because you give.

These folks like the events: cocktail parties, dinners, annual fellowship events. Invite them and they will come. They are inspired by being in the moment of the warm glow of community. In general, they do not respond to direct mail or e-mail approaches. They want to be asked to give by someone who shares their interests in congregational life.

## Spiritual Givers

Another group, usually smaller, and often but not always including clergy, speaks of generous giving as a spiritual matter. Someone on the UUA Money Line chat recently characterized this group as giving as kind of a "spiritual health care premium." A spiritual person, these givers say, is a generous person. This attitude has led to a surprise revival of the tithe in some liberal denominations. *Spiritual givers* sometimes seem almost indifferent to the specifics of the budget or goal of the annual campaign to which they are giving. If giving is mostly a response of gratitude to the great gifts they possess in life, or an expression of one's own spirituality. To them, one need not quibble about how the money will be used. These are the people who give to the panhandler on the street, not because they think it will help the panhandler, but because they think it is what a generous, spiritual person would do.

In annual giving campaigns, spiritual givers are a bit offended by much talk about the budget. A spiritual giver is most likely to be influenced to grow in giving by another spiritual giver.

## Dues Payers

Givers in a third group think about their pledges mostly as dues, or as a fee for service. *Dues payers* want to know the smallest amount they must give if they are not to be considered freeloaders. They are different from those who are quite happy to freeload, but they also differ from the people described above, for whom giving in itself is positive. Dues payers give to erase a debt created by participating in the congregation and availing themselves of services.

Adapted from "A Soul Decision" by Dan Hotchkiss, Alban Institute Field Consultant

## Trends for Philanthropy in the 21<sup>st</sup> Century

1. More couples making decisions about contributions together and then women making decisions for the couple.
2. More "women's initiatives" in the budget and in programming.
3. More women will serve in leadership positions in their organizations.
4. Women's giving circles continue to increase and spread to both genders, all ages, income levels and nationalities.
5. Women will continue to lead the way in family philanthropy and establish more family foundations.
6. Women will insist that their gifts transform either the organization or the larger world. This is a step away from charity and ten steps toward creating change.
7. Women will look at new ways of giving.
8. Women will continue to lead the way in global giving, focusing particularly on partnering with other women.
9. The Internet will increasingly become more important as a way to give.
10. Men's philanthropy will look more like women's.

# Proven Strategies to Increase Annual Giving Donors and Dollars

Annual Giving aka "the canvass" is in itself an important program that provides operating support and support for other designated areas. It is also the foundation of how relationships in the congregation are built and nurtured.

## 1. How do you measure how successful your annual giving program is?

First of all take a look at your program. Are you...

- ◆ Trying to increase your donor base - the number of pledging units - otherwise known as acquisition - so that you can solicit more prospective donors in support of your congregation?
- ◆ Working to reduce the costs - both monetary and human resources - in running your annual campaign while increasing your number of gifts or the average gift size?
- ◆ Looking to change the look and feel of your appeals?
- ◆ Considering changing the frequency or timing of your annual campaign?
- ◆ Willing to spend more money to make more money?
- ◆ Thanking those who make a pledge more effectively and building relationships with them?

## 2. What are your program's goals? Acquisition, Solicitation and/or Stewardship?

**Acquisition** - Getting more people to make a pledge

In all campaigns acquisition is part of the goal. In many of our UU congregations there are many who attend worship services, adult ed or have children enrolled in RE that do not make a pledge each year. Part of the goal each year should be to increase the number of pledging units and that means developing a strategy for reaching the zero pledgers. But first you need to know them and understand better why they have not made a pledge in the past. Don't assume it is for any reason other than they haven't been asked.

## **Solicitation** - Actively soliciting appropriately

- \* Segmentation of your list of members/friends is key and then asking each group appropriately is key. Your top level should be asked personally, not with a direct mail piece.
- \* Personalization in the appeal is also vital. Credit card companies do it, why not you?
- \* Don't get hung up on the letters or timing - get the appeals out. If they are personal and appropriate to the person to whom they are being sent then they will be better received. Just don't depend on a mailed letter to do the heavy lifting for your entire campaign.
- \* Use of Testimonials - Personalize the campaign - on the website color and photos!!
- \* Soft asks:
  - o Gift envelopes within the newsletter
  - o On-line gifts: is your web site user friendly, and interesting?
  - o Tribute gifts: Gifts made in honor or in memory of someone or something

## **Stewardship** - Thanking the donor appropriately and building the relationship

- \* Acknowledgement process - how is it going? Is it timely & interesting to the donor?
- \* Personal notes - the most effective form of communication
- \* Donor recognition - how do you do it in public, publications, in your facility, at events?
- \* Ongoing communication with donors - newsletters, notes, emails,
- \* Determine who needs to be solicited differently next time - mining



## **Ideas about Giving for UU Congregations**

### **Think “Month” and not “Annual” in asking for Pledges.**

Giving is itself a gift — one of life’s greatest privileges. Ideally support for your congregation will be part of each member’s planning in the context of life management which is based on monthly income and monthly payments. (What’s your annual mortgage payment? When buying a car, do we ever negotiate over how much it will cost per year? A Best Practice is to discuss pledging to the church in a “monthly” context. NOTE: If pledging has been very low, recast information in terms of weekly amounts.

### **People both want and need information about pledging.**

Over and over UUs have said it loud and clear — they both want and need guidance on how much to pledge each month. One of the most challenging jobs in any faith community is figuring out how to provide that guidance. We need to be supremely aware and sensitive to what individuals can afford and to offer giving guidelines keyed to an individual’s ability to give, *not* church costs.

### **Why doesn’t the church leadership just establish a “minimum” pledge amount?**

In most congregations membership does not come at a price and it is not helpful or motivational to refer to the “costs of membership” in dollar terms. In fact, if we were our best we would never offer guidance to individuals in terms of a dollar amount! Any dollar amount you could name would be the wrong one. For some it would be ridiculously low, for others so high it would scare them off. This is absolutely not a “one size fits all” kind of question.

### **Why not just divide the budget by the number of members or pledging units to give people a context for giving?**

For nearly everyone that would also be the wrong number. For those well able to pledge \$5,000 or \$10,000 per year a share of the budget would be giving too little but for a single person household on a small or limited income, that amount would be too much.

## **If not a dollar amount, then what?**

The only reasonable standard is a percentage of income. Even then, the percentage suggested must vary based upon income level and commitment or participation level. The suggested range for established and committed members, for example, might be anywhere between 1-7%, depending upon income. Newer or less committed members might be introduced to pledging for the first time lower ranges to target. It is easiest and healthiest to start with examining your own pattern of giving and then ask yourself, "How does the way I spend my money relate to how much I value the things I spend that money on?" What is the relative value of a weekly movie with popcorn and soft drink (\$20.00) to that of knowing the church is and will be there for me? There are levels of participation among members of any congregation: 1) the established and committed – in leadership, always at services, pledge, help and attend events; 2) seriously exploring, and 3) supportive friends who attend services only sporadically.

## **Generous pledging . . .**

...is not its own reward. A very small percentage of those who pledge provide more than 50% of total pledge income. These are the givers who keep the doors open, the staff paid and the coffee brewing. They know they are well above average in their contributions. They love the church, but they also do not want to feel like they are shouldering the entire responsibility for the financial health of the congregation while others "use the church for free". This is a common dilemma for leadership in all of our UU congregations, and unfortunately, there are no easy answers here — no right ones either!

In some congregations 35-40% of pledge units provide only 10% of the financial support for this congregation. There are many reasons for this and it is not because 35-40% of UUs are poor. Experience with UU and other faith communities shows that this proportion will never change. (*This is another great lesson in letting go of outcomes.*) There are two ways to increase giving: 1) appeal to the 62% who already give more than \$85/month, or 2) increase the number of pledging units.

## **Stair Stepping**

Some UU congregations have great success in the delineation and labeling of giving levels (for example, "Leadership" at 5 %.) At the Board the Annual Giving Chair reports that "there were 5 pledges at the Leadership" and may or may not list the names of those who wish to be so recognized. Research shows that the vast majority of us appreciate some recognition from our friends for our efforts, especially if our efforts are bordering on sacrificial. There are always loud, angry objections by a few to

putting any recognition system in place, and quiet, angry frustration by many if it is removed.

Another way to recognize leadership level giving is to note that there are currently 5 pledging families at the Leadership level and "X" at each of the other levels identified, without any identification as to who they are.

The advantage of identifying giving levels in some public way is that it offers another opportunity to motivate people to move from, say, a "Sustaining Level" of 2% to a higher rung on the ladder, especially if they know their friends in the church have committed to a higher giving level.

### **How generous are other faith communities?**

Research on religious giving funded by the Lilly Foundation reports the following findings:

- Giving to Mainline churches rose dramatically (in constant dollars) from the Depression until about 1980, and has declined since then.
- Protestants give about twice as much per family as Catholics, with Mormons and Assemblies of God members giving most and Mainline protestants giving only a bit more than Catholics.
- Since around 1950, Mainline congregations have kept more money for themselves and sent less to denominational headquarters.
- Families with higher incomes give more money, but the *percentage* given falls as income rises.
- The distribution of gifts is "skewed," with about 75% of the money coming from about 20% of the families.
- Frequency of worship attendance predicts individual giving better than any other factor measured. Other important variables are age (oldest members give the most) and personal religious devotion (frequent prayer, self-reported "strength" of faith, frequent Scripture reading), and general participation in the congregation. Orthodox belief (Biblical literalism, lack of doubt) correlates with giving, but more weakly.
- Small congregations receive larger gifts, on average, than large ones. Large endowments and rental income seem to reduce member contributions, as does the perception that others in the congregation are more wealthy.

*Congregations that ask for pledges get more money than do those that request contributions on a weekly basis.*

## Notes on Annual Giving in UU Congregations

- 93% of donors say that a timely and personal thank you is important to their giving but even more important is to say what the donors' money has accomplished.
- Heisenberg's Theory: The more you know about a point or event the less you know about its trajectory
- Heisenberg's Theory and Annual Giving: If you know what my pledge was last year including 1) how much I pledged, 2) how I paid it (credit card or by check, monthly, quarterly or annually) etc. the *less* you know about whether or not I am in an increasing, plateaued or declining giving. In other words you know about a given point – my pledge, but nothing about my trajectory. What is exciting that is happening in the congregation for me? Or, conversely, what in my life has changed that will impact my giving?
- The most coveted skill in fund raising is the ability to articulate a case in a compelling and original fashion. While organizations in the business of saving lives can expect more universal attention when raising money, those in the business of making lives worth saving are no less essential. Communicating that intangible, though, is an art in itself. Do you have someone in your congregation gifted in doing just this?
- According to donors themselves, the way to KEEP donors giving actively once they have started giving is to provide them with: prompt, personalized acknowledgment that includes a statement of reassurance that the gift will be used as intended, followed sometime later by a report focused on the measurable results achieved through their previous giving.
- Building friendships is what an annual giving campaign is about when it is at its best. In the typical annual canvass we have a model less user friendly than selling an automobile. The #1 key to giving is trust and trust is built over time. Our donors are standing in the middle of a philanthropic Times Square. There is no particular advantage to the specifics of the "ask" it is how you manage the relationship that matters. What is the donor experience likely to be? If you set out to set the standard by which every other congregation is measured then you're on the right track.
- RAT – Romance, Ask, and Thank is old school. For 21<sup>st</sup> Century Giving think LATTE. Learn Ask Thank, Thank Again and Evaluate. Learn everything you can about each name in your database. The "ask" is based on what you learn. Then do a better job of thanking and then thank again. And then evaluate

after the fact. Ask a selected sample of donors how they liked what went on during the annual giving campaign or annual canvass. This is how next year's campaign gets started.

### **some final thoughts...**

#### **Poorly run annual campaigns are the Global Warming of Fundraising**

The connection between carbon emissions and climate change isn't obvious. One day you're happily spewing carbon dioxide into the atmosphere. The next, polar bears are dying, and it takes rigorous science to show that there's a connection.

Managing donor relationships with your congregation are the "global warming" of annual giving. You could be getting it wrong in a big way and have no sense at all that there's a problem. Then one day your campaign just can't get started, giving drops off the charts and there's no good explanation.

So what is a poorly run campaign from a giver's perspective? Messy data like misspelled names, duplicate records, errors in posting donations. It's not following donor instructions, or taking weeks to get it right. It's not answering the phone. Or having a website that's too hard to use.

It's not easy to focus on an invisible problem. But if you want to make a difference, pay attention to how relationships are managed before during and after an annual giving campaign.

*The best practices in 21<sup>st</sup> Giving places the member's experience at the center of the annual giving campaign so that giving becomes a distinct pleasure and a valuable benefit of membership. Everyone knows that approximately 80% of monies raised will come from approximately 20% of our members. But how do we act on that knowledge? Shall we stick with old methods (phonathons, participation drives, impersonal brochures, letters and distribution of pledge cards, etc.) or shall we design customized donor experiences that set our congregation apart?*

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