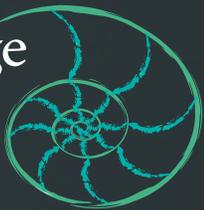


The background features a light blue sky with white clouds. In the center, a dark grey cliff edge has a large gap. On either side of the gap, there are stacks of green banknotes tied with red bands. The stacks on the right are taller than those on the left. The main title is centered in the gap.

THE MISSING MIDDLE

**Neglecting Middle Donors
Is Costing You Millions**

Sea Change
Strategies





HERE'S HOW TO FIX IT

INTRODUCTION

Nearly six years ago, we embarked on a mission to prove what we long suspected: that the Internet was the province not only of small dollar donors, but of mid-level and major givers as well. The resulting 2008 study, “The Wired Wealthy,” carried out with Convio and Edge Research, showed that many of the most generous donors are indeed engaging with and donating to organizations online. The study remains an online fundraising benchmark.

Along the way an important insight popped up, one that had nothing to do with the Internet. We uncovered an incidental fact that frankly blew our minds. Among the groups participating in the 2008 study, donors at the \$1,000 to \$10,000 levels (annual giving via all channels) represented roughly one percent of the donor population, but were giving more than a third of the dollars.

Because this group represents such an important financial opportunity, we’ve studied the mid-level giving space ever since. And as we have found, like middle children, middle donors are prone to neglect. At organization after organization, they appear lost in an institutional chasm between two distinct fundraising cultures—major gifts and direct marketing.

It’s hardly news that major donor fundraisers and direct marketers often clash. The story more rarely told, however, is how this internal enmity may cost organizations millions of dollars.

Our interest in mid-level giving was borne of a practical concern: that the bottom of the fundraising pyramid, comprised typically of donors in the \$50-\$100 range, was slowly crumbling. The Target Analytics division of Blackbaud has tracked steady erosion in both new donor acquisition and donor retention over the past decade. We suspected part of the problem could be found lying beaten and broken at the bottom of that middle donor chasm.

New donor acquisition has fallen every year since 2005. A decade ago, overall donor retention was an anemic 33 percent—that means only one in three newly acquired donors was still giving a year later. Today, the decline has accelerated and overall retention is hovering around 25 percent.

The decline of low dollar mass fundraising has arguably accelerated the use of gimmicks and techniques—“free” gifts, nickels glued to envelopes, bogus surveys, doormat packages, etc. The habit of using baubles and banal techniques to solicit donations has infected online fundraising as well—faux-personal subject lines, fake forwards and ad nauseum resends.

These practices dominate the landscape because they “work”—in the short term, at least. But we continue to wonder whether a donor relationship built on tote bags and gimmicks can really lead to long-term committed donor relationships. The latest research on the subject would in fact suggest not.¹

1. <http://som.yale.edu/do-not-give-and-ye-shall-receive>

By contrast, successful mid-level programs appear more or less devoid of low-dollar gimmickry. As fundraising practitioners, we find that enormously appealing because those techniques lead to lousy retention and low lifetime value.

Over the past 12 months, Sea Change has probed the state of mid-level giving. We surveyed dozens of fundraisers, both on the consulting and organization side. We spoke at length to leaders in the field. We reviewed the (scant) literature on the subject.

Our goal was practical. We wanted—and still want—to better serve our clients by expanding their success with mid-level donors and getting them off the low-dollar churn treadmill. We set out to uncover the “best practices rule book”—or at least to rough one out on our own.

WHAT WE FOUND WAS JARRING. AND ILLUMINATING.



- There is no rule book. The practice is wildly variable from organization to organization;
- Despite the fact that fundraisers universally agree that mid-level donors are exceptionally valuable, they also agree that most organizations lack the discipline and investment necessary to make the most of this immense opportunity;
- Most believe that neglect of middle donors is fueling the retention crisis;
- Mid-level donor prospects represent significant income potential and greater retention stability—probably even more than major donor prospects. They are a reservoir of steady support for organizations, if stewarded properly.

Most organizations are neglecting many of their most devoted supporters. And they're doing it at their peril. Here's how fundraising elder statesman Roger Craver puts it:

“Frankly, when you see the amount of money that is left on the table by these organizations—I mean tens of millions of dollars—sooner or later they are going to have to deal with [this neglect] because they can't squeeze any more blood out of the particular business-as-usual stone they are currently working.”

Craver suggests that perhaps the whole mid-level enterprise needs re-branding. No one much respects the middle of things. Middles are bland and boring. In politics Jim Hightower famously said that the only thing in the middle of the road are white stripes and dead armadillos.

What we are really talking about is committed donors—individuals who believe in your cause, believe in your organization, and are prepared to make a substantial investment in your success for many years. For now, we stick with the more widely accepted nomenclature for clarity's sake. But at some point, following Roger's advice to re-label these under-appreciated and important donors might be in order.

Through this report we aim to articulate the building blocks of successful mid-level giving programs. We looked closely at organizations that appear to be bucking the trend and building successful programs. Our goal was to isolate and distill their success so it could be replicated. We hope this report will help spur on a small revolution in philanthropy; it's a revolution that is overdue.

ACKNOWLEDGMENTS

We are indebted to the professionals who took the time to complete our survey and share their views. We are enormously grateful to those who subjected themselves to in-depth grilling. These generous souls include:

Annie Berger, Rainforest Alliance
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Federation of America
Nick Canedo, Rainforest Alliance
Pete Carter, CCAH
Diane Clifford, National Audubon
Society
Susan Comfort, Playworks
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Megan Contakes, Integrated Direct
Marketing
Roger Craver, The Agitator
Geraldine Engel, ACLU
Nancy Enterline, Monterey Bay
Aquarium
Cathy Finney, The Wilderness Society
Dane Grams, Human Rights
Campaign
John Graves, Eidolon
Communications
Fraser Green, Good Works

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Krista Harte Sassaman, The Lukens
Company
Lori Hutson, Planned Parenthood
Federation of America
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Kevin Layton, Human Rights Campaign
Robert J. Levy, Robert J. Levy Consulting
David Love, Agents of Good
Dennis McCarthy, Blackbaud
Frank O'Brien, OMP
Rosemary Oliver, Amnesty
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Sam Parry, Environmental Defense
Fund
Carol Rhine, Target Analytics
Martha Schumacher, Hazen Inc.
Shiloh Stark, Amnesty USA
Milo Sybrant, International Rescue
Committee

Roger Craver and Cathy Finney deserve particular mention. Roger, a lifelong mentor, was unstinting with his time and guidance. Cathy, who has worn more than her share of fundraising hats, brought her enthusiasm, wisdom and creative energy to this effort. We're betting on Cathy to be among the first to crack the mid-level giving code.

Finally we thank the donors themselves, the millions of Americans who voluntarily part with their wealth because they refuse to accept the troubled world as it is. They are more precious than they know.

Alia McKee and Mark Rovner
March 2014



8 HABITS OF HIGHLY EFFECTIVE **MID-LEVEL DONOR PROGRAMS**

1. LEADERSHIP IS EVERYTHING

Management is doing things right; leadership is doing the right things.

When senior executives don't fully grasp the interdependent workings of fundraising programs it's impossible for them to do either well.

- They can't successfully lead by setting their sights on the types of projects and investments that truly merit their attention.
- They can't successfully manage by fostering the cooperation and collaboration among siloed fundraising teams needed to get results.

This tension is why middle donor fundraising is one of the most overlooked areas by leadership. It's not as intuitive as new donor acquisition. It's not as exciting as a million dollar major gift prospect. It's certainly not a media-friendly hook about how the Internet is disrupting fundraising as we know it. And it's not easy to orchestrate.

Middle donors aren't the shiny red paint on the Porsche. But they are indeed the engine of a growing and thriving fundraising program.

Fundraising guru Roger Cravers says,

“Middle donors should be viewed as a central part of an organization's lifetime value efforts. Middle donors will be retained and upgraded far more than smaller donors and far more than major donors. They represent the most significant block of money, commitment and loyalty.”

Further, middle donors as a term does not adequately represent the potential in this group. Craver adds,

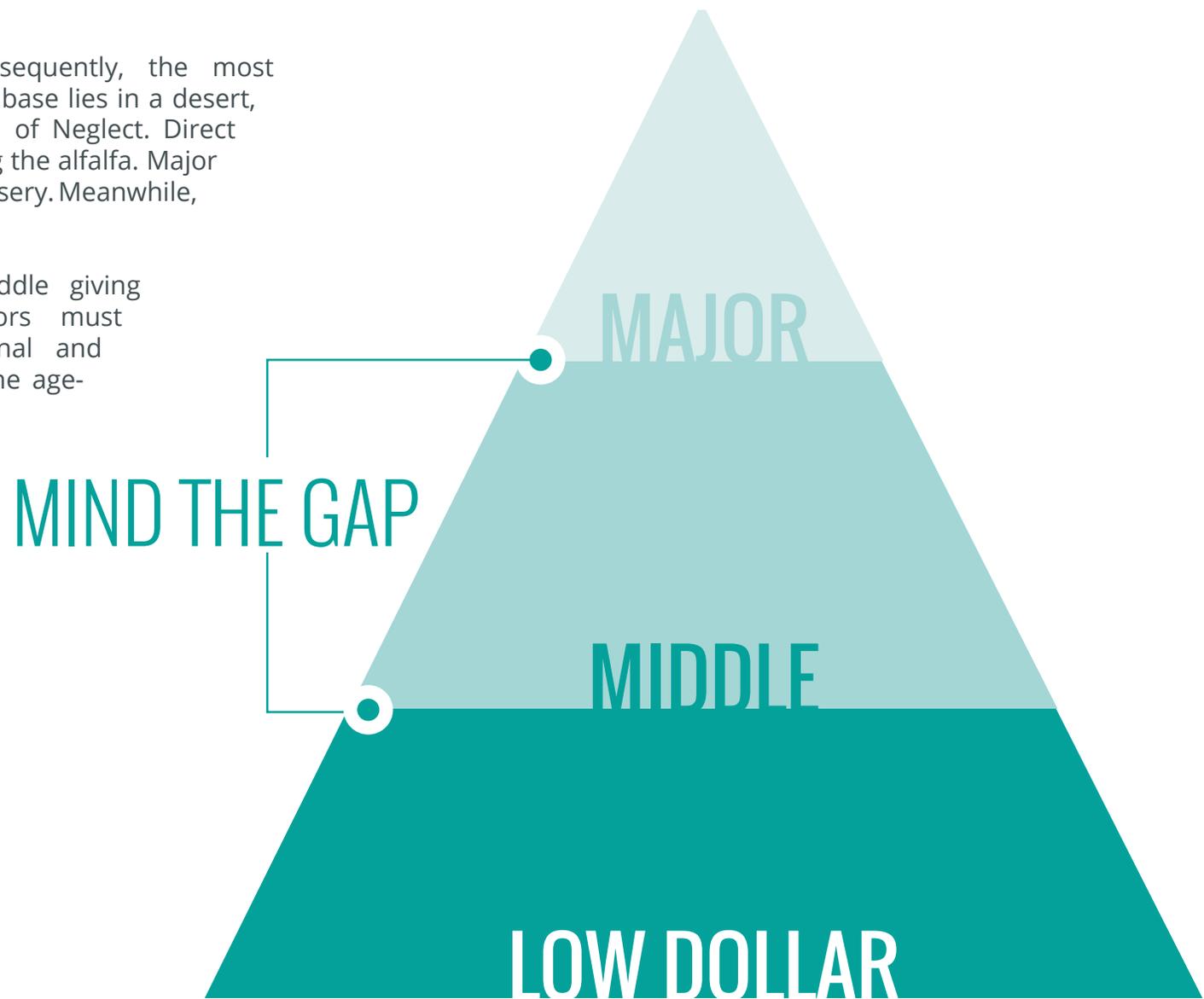
“What we're really talking about here is commitment. This is about creating a committed donor program.”

Veteran middle donor fundraiser Krista Harte Sassaman says,

“It's crucial for executive directors to understand donor dynamics and the lifecycle of donors—how they go up, down and all around. If they don't understand fundraising, it's just a widget—we need this amount of dollars here [in major gifts]. We need this amount of dollars here [in direct response]. The people who manage us are helping solidify the siloes that we fundraising folks already put ourselves into.”

According to Craver, “Consequently, the most productive part of the donor base lies in a desert, a distressing No Man’s Land of Neglect. Direct response focuses on watering the alfalfa. Major gifts focuses on buying the nursery. Meanwhile, the orchard lies in drought.”

To create a successful middle giving program, executive directors must understand that a functional and philosophical gap exists in the age-old non profit donor pyramid:



The two primary executive challenges to unleashing a successful middle donor program:

1. To lead by adjusting strategies and investment priorities to bridge the gap.
2. To manage by creating teams that can collaborate to:
 - a. Prospect and upgrade donors to a mid-level;
 - b. Care and nurture for donors at this level (crossing traditional siloes and mixing direct response and major donor tactics);
 - c. Create a pipeline of future major donors; and,
 - d. Measure success.

In order to bridge the deeply entrenched siloes between direct marketing and major donor departments, top executives must enforce collaboration as a performance measure. Without executive commitment to this approach, organizations will simply be unable to tap the enormous financial potential of middle donors.

2. IT TAKES PEOPLE POWER

The fruit in the orchard doesn't grow and pick itself.

One common thread uniting successful middle giving programs is that they are staffed adequately—with at least one person directly accountable for growing and stewarding the program.

Krista Harte Sassaman says, "The organizations who are doing this right have the resources to do it—including having staff deployed or a budget to outsource it."

Cathy Finney, VP of Strategic Services at the Wilderness Society, adds, "One of the biggest barriers to entry here is that middle donors is sort of a no man's land between direct response and major donors and not enough organizations have had the foresight to really focus a full-time employee on this audience."

At The Nature Conservancy—an organization with a thriving mid-level program—Jamal Harris says, "My function is to provide that single, comprehensive view of all these donors, regardless of how they're managed or where they are managed."

However, there's no silver bullet when it comes to staff. Roger Craver says, "You deal with lack of experience and enormous turnover. It's hard to put these programs in place."

And even when an organization commits to staffing middle donors appropriately, tensions can arise.

Cathy Finney explains,

“One of our biggest challenges now that we've got the mid-level giving officer in place is convincing our major gift officers to feel okay letting go of some of those lower dollar donors they should not have been staffing in the first place.”

She continues,

“We have the middle donor officer reporting to me because our major gifts team needs to be focused on meeting with donors. They do not need to worry about the pipeline. It is my job to make sure that the pipeline is there for when they need new donors.”

Regardless of the reporting structure, the bottom line is that investing in qualified people to feed and nurture the middle donor orchard should be a top organizational priority.



3.

BUST THOSE SILOS

Ask ten fundraisers why mid-level giving programs languish and you will get ten variations on the themes of politics and silos.

The problem is no secret. So easy to identify, and so intractable in practice.

Major gifts fundraising is a game of quantum leaps. More and more, major gifts officers focus on donors who can make mammoth gifts, often in the millions or even tens of millions of dollars. Direct marketing is the ground game. Progress is incremental, costs are high and returns on investment are often elusive.

It's hard for anyone outside the fundraising field to understand how profoundly different the cultures of major gifts work and direct marketing really are. Practitioners have different talents and strengths, and different blind spots. And quite often they don't get along. Direct marketers can see major donor fundraisers as arrogant and aloof. Major gifts people can see direct marketers as purveyors of useless tchotchkes and murderers of the English language.

In short, major donor fundraisers are chasing the big score while direct marketers chase short-term gains.

Ironically, the one quality that all fundraisers share probably aggravates this rift. Major gifts officers and direct marketers live

and die by their budget targets. The pressure to make one's numbers leaves little time for experimentation, collaboration, or risk-taking. Despite any and all exhortations from on high that we are "all in the same boat," every fundraiser knows their personal success depends utterly on making budget.

The problem goes beyond the two departments not playing well together. Many development departments put a "hold" on donors who rise above \$1,000 or so, basically making them untouchable to direct marketers. But fixated as they are on the monster gifts, major gifts officers leave four (and even five-) figure donors to languish.

ADVANCED SILO SMASHING

The path of success for mid-level giving requires a sophisticated blend of these two disciplines.

Closing the gap, as noted, requires engaged leadership. And it requires dedicated staff.

It also requires appreciation for the strengths and weaknesses of each discipline.

Major gifts officers are masters of the personal touch. They remember donor birthdays and anniversaries. They make

each donor in their portfolio feel appreciated, welcomed and essential to the organization. Major gifts communications are content rich and sophisticated compared with low-dollar efforts. And major donor fundraisers recognize that landing the seven- or eight-figure gift requires time and patience.

But high-dollar fundraising has its own Achilles heel. The timeframe is uncertain. It's almost impossible to scale. Because every major gift situation is unique, metrics and analytics rarely play a major role in guiding strategy.

Direct marketing is the yin to major gifts' yang. Here, analytics rule. People-wise the numbers are huge. It's the direct marketing program that produces the kinds of membership numbers that Boards and EDs love to brag about. It's an important feeder track for both major giving and bequests. Communications efficiently reach millions of donors and prospects with the organization's message via the mail, email, phones and tablets.

But direct marketing is expensive and returns are declining. Decades of testing have led to message strategies often dominated by tote bags and calendars, hyperbolic language and gimmicks. Driven by what works in the short-term and by the constant pressure for immediate returns, direct marketers are often forced to choose manipulation over authentic engagement.

AN ENHANCED HYBRID

A successful mid-level giving program borrows the best of both of these disciplines, and adds a little extra.

It draws on major gifts by keeping the focus on the donor. It

provides a sense of exclusivity, access and special status. And it draws on the richer and more sophisticated content that major gifts departments' produce.

From direct marketing comes a passion for efficiency and employment of analytics so the program can scale. It is possible to add a personal touch to the donor experience of thousands of mid-level donors and still reap enormous returns, but it requires the analytic discipline of a direct marketer. Moreover, a substantial percentage of middle donors come to an organization through the low-dollar program, which means middle givers need to be acquired and welcomed appropriately regardless of the size of their first gift.

Fundraising veteran David Love boils it down nicely. Successful mid-level programs "carefully analyze who they talk to and they create stuff that's worth reading."

Cathy Finney puts it this way:



"We are using the data to try and upgrade people into this program and then to retain them and reinstate those lapsed donors, but there is also that personal vibe where you're seeing Mrs. Smith come in. 'Oh my God she went from \$1,000 to \$1,500 and isn't that great!"

Finney continues:



"It is not just taking your basic membership program and tacking a name on it and giving them higher production values. There is more to it than that that people need to understand. And I have to say that implementing is not easy."

At Wilderness, Finney's team has had to be creative in order to provide middle donors the extra stewardship they require:



"We do stuffing parties quarterly, print [our middle donor update] in-house and have everybody gather around in the conference room to stuff our own packages to get them out the door."

TOWARD A UNIFYING METRIC

Roger Craver suggests that while we absolutely need to tap the analytic prowess of direct marketers, we need to revisit the metrics themselves.



"Transactional analysis of fundraising by most direct mail people is that all the analytics are geared toward efficiency," Craver says. "Which part of the file do I use to get the most return for this particular campaign?' None of these metrics has anything to do with effectiveness in terms of how are they helping me keep this donor."

4. ATTRIBUTE THIS.

“What gets measured gets done.”

– Peter Drucker

Quick thought experiment. You are in charge of direct marketing. You need to raise \$100,000 by the end of the month or your boss will come into your office with a scary stern face. You’re planning a major email campaign, but any gift that comes back over \$1,000 gets credited not to you, but to the middle donor program, which lives in development.

What course of action are you likely to take?

- a. Try to bring in as many \$1,000+ gifts as possible, because you are working for the cause, not the department;
- b. Try to raise your nut with as few four figure gifts as possible.

If you answered “(a)” you are either not a professional fundraiser or you are fibbing to yourself.

Nearly every fundraiser we interviewed conceded that attribution rules are a powerful force guiding departmental or division priorities. And maximizing the organization’s bottom line is not among those priorities. When you have a number hanging over your head, anything that gets in the way of reaching that number is your enemy.

In ancient times, i.e. 10 or 15 years ago, it was far easier to match cause (the solicitation) with effect (the gift). A direct mail piece goes out. A check with the reply form comes back. Everyone is happy.

The Internet and the era of multi-channel marketing changed all that. Connecting a donation to the touch that inspired it is challenging, and possibly not even knowable. In a siloed organization (which is nearly all of them), the uncertainty around attribution impedes collaboration across fundraising departments. And middle donors get lost in the shuffle.

In the commercial sector, attribution is the subject of high mathematics, big data algorithms, and abstruse debates. In the non-profit sector, it is another wedge between major donor people and small dollar people.

“Attribution is right where the problem is,” says Krista Harte Sassaman.

At the Wilderness Society, Cathy Finney is meeting this problem head on.

“We are just putting in place business rules around the handing off of donors from one level to another,”

says Finney. That includes crediting gifts to more than one budget line at times. Finney’s advice to other fundraisers: be creative about measuring success.

At Amnesty International USA, they are doing just that. Shiloh Stark, Acting Director of Online Growth and Cultivation says,

“Our attribution model is set up to acknowledge the channel in which a first, organic major gift was received —then we attribute subsequent high dollar gifts to our major gifts program, regardless of channel. This way, our mail and online fundraisers are incentivized to recruit and cultivate mid-level donors, and our major gifts team is rewarded with a healthy pipeline.”

Cathy Finney continues,

“You have to be able to recognize work on two different levels,” she says. “One is how much revenue did you generate and then how much work did you actually do to help the team meet its shared goals.”

And that, as noted, is a leadership challenge.

5.

GETTING THE CONTENT RIGHT

The ideal strategy for middle donor content hews closer to major donor than to low-dollar direct mail. Cultivation mailings, as opposed to solicitations, predominate. Letters and emails are meaty and substantive. Premiums are almost non-existent. A personal touch is a must.

The Cardinal Rule: It's Not About You

The term “donor-centric” gets bandied about with great regularity. Yet fundraisers have a hard time translating that ideal into reality.

The first and perhaps most important content rule (which applies to all fundraising really) is that it's not about you. Says Roger Craver:

“One of the problems with so many groups is they want to talk about the organization, which donors really don't give a shit about. We have a saying that no one buys a Buick because GM needs the money. No one gives money to a nonprofit because it needs it. They give money because it reflects on them [the donor] and pleases them in some way.”

Craver makes the overarching objective crystal clear:

“Lord knows the motivation for giving is all over the lot. What we know from years of watching this stuff is that if you hold the gift back in the donor's mirror—reflect it back to them saying ‘you've done a great thing; you have saved this bird or you have saved this area; because of you that crane will live.’ That is what the donor wants to hear.”

The good news here is that many of the most successful programs we encountered have found ways to provide a more customized donor experience—without breaking the bank.

Following are some of the content qualities common to high-flying mid-level programs:

1. DEEP SUBSTANCE

This is the heart of good middle donor strategy.

“One of the things that we try to work on is less of a direct mail spiel, less of an aggressive ask,” says Jamal Harris who runs The Nature Conservancy's mid-level program. “What I try to do is have it be as much about explaining or showing

examples of how their money works. We treat the donor as if they were investors. They are investing in an organization and we want to make them feel like this is what your investment returned.”

Shiloh Stark with Amnesty International agrees.

“We are finding that our mid-level donors respond well to email appeals with substantive program content and updates from our Executive Director—while our lower-dollar donors respond well to celebrity endorsements and match appeals.”

Finney counsels a similar approach.

“One key ingredient I would say is providing deeper levels of information about the work that we’re doing—not in a cursory threat like ‘oh my God they’re going to burn the forest or whatever.’ It is much more in-depth information about the work we’re doing at a higher level of intellect.”

2. A CONSISTENT NARRATIVE ACROSS ALL CHANNELS

While more depth and detail is de rigeur, this is not a license to pile on a massive and ever-changing assortment of bullet points. A good mid-level fundraiser is a disciplined curator of the organization’s doings.

“Organizations get very bored with their own messages too quickly,” says Craver, “so they keep wanting to invent new messages, new hooks. The problem is that this drives donors away because there is no consistency. I think as a general rule it is best to pick the one or two themes that most resonate with the donors.”

And, that message consistency needs to carry across all communications channels. As noted that can be quite a challenge. Craver adds, “if the telephone people are doing one thing, the Internet people are doing another thing and the mail people still another thing, the one certainty is that you’ll lose those donors.”

3. A MAJOR FOCUS ON STEWARDSHIP

Successful mid-level fundraisers devote at least as much time to stewardship as they do to asking. This needs not be ruinously expensive. Most of the programs we looked at send out between three and six cultivation mailings a year. And even though there is no ask associated with cultivations, the response is often a burst of generosity.

Cathy Finney’s approach is typical:

“We’ve got quarterly scheduled cultivation mailings and there are a couple additional ad hoc things they’ll get if it is needed. There was a great New York Times editorial in February, which we just reprinted and sent with a little note. The New York Times thing didn’t reference us. It was just all about our issues. We did a quick reprint and said ‘you may or may not have seen this but this is why our work is important.’ That brought in \$26,000 just on its own.”

Finney says cultivation mailings have been a godsend with one especially hard-to-reach group. “It has reinstated lapsed donors like you wouldn’t believe,” she says.

Craver says the lowly print newsletter continues to be a tried and true vehicle for middle donor cultivation. “A newsletter will produce more money than most direct mail appeals, if it is properly focused on the donor,” Craver says. “I’ve seen situations where the income for groups go up 1,000 percent when they focus on that newsletter.”

The middle donor fundraisers we spoke with all err on the side of more traditional donor communications, with an emphasis on postal mail and the phone. Events and face-to-face meetings are not uncommon.

The Internet comes up rarely (see below). Social media comes up not at all.

Good cultivation means paying attention to the donors’ preferred channels, not yours.

4. BRANDED NAME

Successful programs all have branded group names. For Human Rights Campaign it’s The Federal Club. Planned Parenthood Federation of America has its President’s Circle. At The Nature Conservancy it’s the Last Great Places Society.

Fundraisers agree the distinct name helps telegraph to donors they are part of a special group, one that commands the attention and respect of the organization.

5. PERSONAL POINT OF CONTACT

Lori Hutson, who runs the middle donor program at PPF, sends

her business card with every new donor packet she sends out. She knows she is running the risk of becoming deluged with donor inquiries. But she believes it is a risk worth taking.

We asked Hutson if most donor contacts are mundane matters like address changes, which in theory could be handled by a junior staff member. In her experience donors call her mostly for substantive reasons.



“There are a few address changes, but the conversation is more ‘I just sent in my stock gift. I want to volunteer. Who do I get in touch with in my area to get more involved? Where is the greatest need right now? What state would be best impacted by my gift?’”

6. REDUCED ASK FREQUENCY

Middle donor fundraisers we spoke with send between two and eight solicitations a year—mostly via postal mail. At PPF, one of the main differences between their “low middle” program and their “high middle” program is that the “high middle people” receive fewer asks.

The middle donor communications strategy borrows from both direct marketing and major gifts fundraising, but the emphasis is definitely on the major gifts side. Follow the mantras of substance, stewardship, and consistency, and your donors will beat a path to your door.

6. ALL WE NEED IS JUST A LITTLE PATIENCE

Cue the collective groans from CFO's and direct marketers everywhere. The financial potential of middle donors and middle donor prospects won't be unleashed overnight.

This type of relationship takes time and nurturing to mature, which is yet another reason middle donor fundraising has been overlooked and neglected.

Roger Craver revisits the orchard metaphor. He says,

“The valuable crop is in the orchard and, like any valuable crop, it takes several years to get an orchard to be productive. Once it is productive, though, it yields fruit for years and years.”

Krista Harte Sassaman says,

“In direct response, we look at 0 to 12 months and 13 to 24 months. Donor relationships and choices—they don't fit into those neat little boxes. The challenge we have in direct response is that we have to prove that the investment we made in cultivation plays out in these time frames. But with middle donors, you have to invest in things that don't have the immediate payoff.”

This reinforces the idea that organizations must take a “cradle-to-grave” view of their donor pool.

Craver adds,

“That is why groups like the Humane Society and Operation Smile are starting to get serious about chief donor officers—the people ultimately responsible for the care and feeding of new donors, at any level, to improve retention and upgrades.

He notes,

“In the data, organizations will find that loyal direct mail donors are a significant wellspring for middle donors, then major donors and almost always for planned giving.”

The battle for these committed donors may be won or lost in the opening days of the relationship—even if it's only a \$15 gift. If donors are not properly welcomed and thanked it's difficult to overcome that initial impression by simply putting them into another category.

Cathy Finney adds,

“When it comes to upgrading people into the program, retaining them and reinstating them, we’ve found that personal stewardship is the most important ingredient.”

While there is enormous financial potential in middle donor fundraising, that potential can take time to mature. Investing in high-touch cultivation with middle donors and middle donor prospects might not yield an immediate return on that initiative’s investment, but it’s a crucial part of the fundraising long game.



7. LISTEN UP

What do donors really want and need? Exclusivity? The feeling of being an insider? Public recognition? Special benefits? Your mileage will vary. You need to know your donors, not just your data.

The best way to find out what they need is to ask them.

Let's face it. We're all better at talking than listening. Trouble is, the listening part is critical to good donor relationships.

Donors appreciate having the opportunity to express themselves. Being heard tells the donor he or she matters.

At Sea Change we do dozens of focus groups with donors, both online and offline, and the atmosphere at the end is always one of profound gratitude.

Structured listening can be as elaborate as one-on-one interviews and live focus groups, or as simple as an automated email with a simple survey. There are two key objectives you need to achieve:

- The donor needs to “feel heard.” Stories are legion of irate donors who became loyal and passionate supporters after someone at an organization responded. That's regardless of whether the donor's specific grievance was addressed.
- The feedback should be digested in a way that can influence future communications and relationships. We have seen countless situations where the staff member who reads incoming letters and emails from donors is a relatively low-level staff person who rarely has access to senior decision makers. That's a sad waste.

We're not talking about gimmick packages. It's not uncommon for low-dollar direct mail packages to include surveys with obviously pointless questions like “Do you think cancer is bad?” That accomplishes neither goal.

At The Nature Conservancy, mid-level donors receive a short survey as part of their welcome process. “When they join, as a part of the acknowledgement we send them a survey,” says Jamal Harris. “It is four or five questions basically asking them how they want to be communicated with, what their interests are, what their motivation was.”

Sea Change has had enormous success with an online focus group platform called Qualboard. We recruit and engage middle donors for two or three days with the sole purpose of listening and engagement. These Qualboards often feature a guest expert or speaker, but mostly we invite donors to speak their minds about the organization or the cause. Special event qualboards have included a two-day virtual gathering with the prominent author of a noted book on climate politics

and a weekend “mini-symposium” on marine biology where participants could engage field scientists.

The feedback we get from participants in these experiences is almost always effusive. Here’s what one recent participant said: “I don’t know how we were chosen, but I’m glad that I was a part of this auspicious group!”

Will this immediately boost donations? We honestly don’t know. But the consensus among fundraisers we’ve talked with is that getting the listening part of the relationship right is critical to the long-term success of your fundraising efforts.

8. THE INTERNET IS NOT THE EASY BUTTON

This is a bitter pill for us digital pioneers to swallow, but the Internet is not the middle donor program easy button.

Kevin Layton, Federal Club Director at the Human Rights Campaign, says:

“Five years ago we thought the Internet was going to change everything. But the challenge I always explain to local leaders is that emailing or reaching people through social media is not going to get them to an event. It’s the personal touch that’s critical.”

Roger Craver adds,

“Whether it’s 3,000 year old technology of paper and ink, or cave drawings or the Internet...it doesn’t matter.”

Krista Sassaman explains,

“If you are creative, you can use digital channels well to cultivate donors. And if you are donor focused in your approach you will know what subset of your donors want to engage with you online, what they want from you and what they don’t.”

At TNC, Jamal Harris says,

“About 60% of our mid level donors have given us their email address. Some want us to communicate only online. Others choose to be contacted by mail and email.”

The bottom line: Successful middle donor programs are channel agnostic and rely heavily on highly personalized and substantive communications across channels. Good old phone calls, personal emails and note cards will come in mighty handy.



PROFILES OF **SUCCESS**

MIDDLE DONORS FIGHT FOR EQUALITY

HUMAN RIGHTS CAMPAIGN'S FEDERAL CLUB

Wow. That word escaped our mouths frequently when we spoke with Kevin Layton at the Human Rights Campaign.

Layton, and the four-person team he leads are the brains and brawn behind a sophisticated middle donor fundraising program that invests heavily in a mix of volunteer people power, events and direct marketing outreach.

VOLUNTEER PEOPLE POWER

The Federal Club team works closely with 150 volunteers in 32 communities across the country. Those volunteers—called “Governors”—each “strive for five,” with a goal of recruiting five new Federal Club members a year (at a minimum of \$100 per month).

The governors meet twice annually to train with HRC staff—once in October and once again in the spring for Equality Convention (which offers multiple training tracks for HRC's volunteers in fundraising, events and organizing).

PROGRAM NAME: FEDERAL CLUB

- **Annual Giving Range: \$1,200--\$4,999**
- **Total Income Raised Last FY: \$53,780,059**
- **Total Income from Individuals: \$33,355,812**
- **Total Income from Mid-Level Donors: \$5,661,508**
- **% of Total Individual Giving*: 17%**
- **Total Number of Mid-Level Donors: 4,753 (84% are monthly donors)**
- **Total Number of Donors: 561,000**
- **All Federal Club Revenue Goes To 501(c)(4)**
- **Established: 1990 with 2004 a transformational year**
- **FTE's: Five**
- **Senior Person Reports To: Development Director**

***Across both the C3 and C4**

It is important to note that many of HRC's functions are replicated in this volunteer model including field and political volunteers. Kevin says,



"We have goals for all HRC volunteer communities. For us, it's the Federal Club goal. But there are also major donor goals, community membership goals and political goals like how many legislative office visits you'll accomplish. There is a whole community volunteer team who leads this charge. The Federal Club layers into it."

Layton and his team work closely with nearly 80 Federal Club volunteer co-chairs and the Governors to design and produce invite-only local events, as well as execute a pitch for Federal Club members at local HRC gala dinners and HRC's National Dinner. They help to develop messaging and programming, to get in front of the right prospects, to provide the crucial community-building infrastructure needed to scale, and to create a platform for recognition, which is one of the major incentives driving volunteers.

One such platform is the "Strive for Five" web community portal. Kevin says,



"We made a volunteer program everyone wants to be part of. Individuals are seen as peer leaders. And on the site, you can see their profiles and how their communities are doing towards their goals."

DIRECT MARKETING

Four years ago, the team augmented their impressive grassroots efforts by reaching out through mail, phone and online channels. Today, almost a third of Federal Club members are recruited via direct marketing.

The relationship between Federal Club and direct marketing is quite healthy, with Layton's team leading the strategy and the direct marketing team providing critical input and help with execution.

Generally Federal Club members are suppressed from general membership communications, but Layton's team takes messaging cues from what's working with the broader file.

MAIL

The typical mail appeal schedule includes two campaigns per year. The spring campaign, which targets about 28,000 individuals, includes an invitation, a reinstate and an upgrade. The winter campaign is smaller, targeting 6,000 individuals, with a reinstate and an upgrade.

Individuals also get mailed a number of cultivation pieces, including the quarterly HRC *Equality Magazine*, a quarterly Federal Club magazine, anniversary cards and invitations to special events. The 16% of Federal Club members who are annual contributors receive mail and email renewal notices in a six-month series.

PHONE

HRC works with a telemarketing firm to launch rolling invites to individuals within range of the Federal Club minimum. Recently, Layton's team has also begun making welcome calls within two weeks of joining, a courtesy call when a credit card is declined and a renewal call during the 13th month.

ONLINE

All campaigns—mentioned above—have email components. And HRC sends monthly issue update and conference call invitations online. Kevin says, "For us online is important but nothing is more important than the personal touch... that's what makes the difference."

WRAP UP

When asked about the secret of success, Kevin humbly says, "The world and karma have given us issues that are in the forefront. We've taken advantage of it. We could have done less, but we were encouraged to try different things. The structure was created to follow the money." And following the money, they certainly are.

MIDDLE DONORS AT RAINFOREST ALLIANCE

HELP HARNESS GLOBAL MARKET FORCES TO SAVE THE PLANET

Nick Canedo is a natural born diplomat. And Nick's skill as an organizational bridge-builder is an essential ingredient in Rainforest Alliance's budding strategy with mid-level donors.

Nick, along with major gifts coordinator Annie Berger, manages the \$1,000 to \$5,000 cohort of Canopy Associates, the name given to all \$1,000+ donors at RA. And their teamwork, along with their collaborative skills, is starting to pay real dividends.

Rainforest Alliance has a distinctive niche in the world of global conservation. A major focus of their work is promoting certified sustainable production of commodities like chocolate, timber and coffee, and then helping to generate consumer demand for certified products.

Rainforest Alliance's approach to middle donors began just over a year ago when the Major Gifts team recognized that mid-level donors merited special attention.



"While mid-level supporters were always a responsibility of Major Gifts, their cultivation and stewardship differed little from that of higher end contributors." says Canedo.

Canedo and Berger immediately recognized the need to communicate with this unique audience in a more effective and recognizable way. Put simply, the major gifts teams' highly individualized approach seemed inappropriate for a large, often geographically dispersed mid-level donor group, while Membership's materials lacked the personalization to distinguish Canopy Associates for their generous contributions.

PROGRAM NAME: CANOPY ASSOCIATES

- **Annual Giving Range: \$1,000 – 4,999**
- **Total Income Raised Last FY: \$45,000,000**
- **Total from Individuals: \$5,760,000**
- **Total from Mid-level Donors: \$270,000**
- **% of Total Individual Giving: 4.7%**
- **Total Number of Mid-level Donors: 130**
- **Total Number of Donors: 35,000**
- **Established: 2013**
- **FTE's: 1.5**
- **Senior Persons Report To: Director of Individual Giving**

“Because we’re a major gifts shop, our emphasis was always on personal attention and interaction,” says Canedo. Every letter and stewardship piece looked custom, which is perfect when you have a rapport and history with a donor. But we also had a large segment of mid-level supporters, with whom we had little to no personal relationship, that we thought could benefit from broader messaging and a stronger branding strategy.”

As a result, continues Canedo,

“We were tasked with building what could be used as a backbone for major donor interactions, but could be used directly with donors in the \$1,000 to \$5,000 level.”

Finding, producing and disseminating the right content became an exercise in organizational bridge-building.

“Nick really spearheaded a revamp of our relationship with communications,” says Berger, who leads content development efforts. “So for the pieces we send we’ve developed a nice cohesive look, and a unified direction with the content.”

Berger and Canedo also credit the communications team with helping them get access to program information that is both compelling and donor-friendly. They cite the blog and other social media channels as especially valuable sources.

Collaboration with the membership team has also been critical. Acquisition strategy was one of the first major changes Canedo and Berger made. Where historically middle donors had been recruited by cold-calling lists culled from other groups’ donor

lists, the team shifted their focus to upgrade candidates within the ranks of their lower dollar supporters.

This collegial relationship with membership has also helped the group stave off the kinds of attribution wars that are all too common at other organizations.

“If membership sends a solicitation that generates a Canopy Associates level gift, that money goes to the membership line,” says Canedo. Periodically, Canedo and Berger will send upgrade solicitations to members with promising giving histories. Any gifts that come in below \$1,000 also get credited to membership.

“We have a really really good relationship with the membership team,” says Canedo.

Berger and Canedo are equally adept at putting their own spin on major donor events. For instance middle donors receive customized versions of invites to cultivation events like chocolate tastings, which are an increasing priority for both middle and major donor fundraisers.

Looking forward, stewardship remains a cardinal priority for the mid-level team. In addition to live events, plans are in the works for exclusive online engagements, including webinars and virtual town meetings.

“Really being able to tap into the other resources of the organization has helped tremendously,” says Berger.

It’s early days for this ambitious new effort, but initial indications suggest the time and effort Canedo and Berger have devoted to middle donors will be greatly rewarded.

JUMP START YOUR MID-LEVEL PROGRAM:
A 30-DAY PLAN

REVAMPING YOUR MIDDLE DONOR PROGRAM WILL TAKE TIME (AND MONEY), BUT YOU CAN MAKE CRITICAL PROGRESS IN THE NEXT 30 DAYS. HERE'S HOW:

WEEK ONE

1. Take Stock. Step one is to review the eight habits and give your organization a letter grade for each one.

Ask yourself:

- *What are the bright spots in your program that might be expanded?*
- *Which part(s) of the program need the most work?*
- *How do your organization's topline metrics compare with those presented in this report?*

2. Get buy-in from key leaders. Whether it's the CEO, COO, CDO, or another big kahuna, your leadership must be motivated to make an investment in mid-level giving. Are they prepared to enforce collaboration and get the incentives right? If they are not on board, you will most likely not succeed.

Consider giving them a copy of this report and a gift card to a nearby café for dedicated reading.

WEEK TWO

3. List out the low-hanging fruit based on your "Take Stock" exercise. We can almost guarantee that there are at least a couple of quick changes you can make that will start you down the road to a bigger, better program.

Choose at least one or two things you can accomplish in 30 days and commit to execute on them.

Examples:

- *Does the program have a branded name? Is it prominent on the materials donors receive?*
- *Are middle donors getting recognized in mail and email they are receiving (a matter of segmentation and versioning)?*
- *Can you adapt your CEO's latest Board report to create and send a cultivation update (by mail or email)?*
- *Can you organize a phone-banking pizza night for staff to call middle-donors just to say thank you?*
- *Is there an upcoming webinar or conference call to which you can invite middle donors? Remember, the cultivation is the invitation itself; it matters less whether they show up or not.*
- *Can you create a middle donor dashboard that tracks middle donor behavior across channels?*

WEEK THREE

4. Make a 90-day plan to harvest other low-hanging fruit. Try to work through the full list you create with an eye toward completing these changes within three months.

WEEK FOUR

5. Make a six-month plan for the bigger, more costly changes you need to make (hiring, content overhaul, attribution conversations etc.)

ONGOING

6. Keep everyone's head straight. Mid-level fundraising is not about instant gratification. This is where direct marketing metrics can get you into trouble. We did not encounter a single organization that regretted the investments they made in mid-level giving. Ultimate success may not come mailing by mailing, but over time.

We hope that following these steps will help kick start you thinking about your organization's middle donor program. Let us know about your progress. Visit SeaChangeStrategies.com and comment on the blog.

FIND US IN PERSON!

We'll be taking this study on a speaking tour. Find out when and where you can see us live at

www.seachange.com/missing-middle

A SAMPLING OF
MID-LEVEL DONOR PROGRAMS

The chart below offers a representative snapshot of selected mid-level programs. In each case it shows mid-level donors to represent a significant percentage of each organization’s income.

Our thanks to the participating organizations for providing data for this table.

ORGANIZATION	NAME OF MID-LEVEL GIVING PROGRAM	MID-LEVEL GIVING FLOOR AND CEILING	NUMBER OF DONORS IN MID-LEVEL GIVING PROGRAM	TOTAL DONATED BY INDIVIDUALS FOR THE LAST FISCAL YEAR*	TOTAL INCOME FROM MID-LEVEL DONORS LAST FISCAL YEAR	% OF TOTAL INDIVIDUAL GIVING
ACLU	Special Gifts/Crystal Eastman Leadership Society (\$1,000+)	\$250-\$9,999	27,500	\$73.5 million	\$10.3 million	14.0%
National Audubon Society	Leadership Circle	\$100-\$999	24,949	\$55.2 million	\$4.9 million	8.9%
Amnesty USA	Amnesty Leadership Group	\$500-\$4,999	10,012	\$33.7 million	\$4.1 million	12.0%
Defenders of Wildlife	Wildlife Circle	\$100-\$999	16,128	\$28.4 million	\$4.5 million	15.9%
EDF	Leadership Team	\$500 -\$5,000	4,685	\$53.3 million	\$3.6 million	6.8%
Human Rights Campaign	Federal Club	\$1,200 - \$4,999	4,753	\$33,355,812 million	\$5.7 million	17%
International Rescue Committee	No Name	\$1,000-\$9,999	7,483	\$29.5 million	\$4.6 million	15.6%
Monterey Bay Aquarium	Ocean Advocate Donor Circle; Packards’ Circle; Leadership Council of the Packards’ Circle	\$500-\$10,000	2,551	\$20.2 million	~\$4.0 million	19.8%
Rainforest Alliance	Canopy Associates	\$1,000-\$5,000	130	\$5.8 million	\$0.3 million	4.7%
The Wilderness Society	Advocates for Wilderness	\$1,000-\$9,999	481	\$19.0 million	\$1.1 million	5.9%

*Excludes foundations, government, corporate, sales, investments, etc.