

### Executive Summary

Recurring giving is a highly successful fundraising method for many nonprofits, particularly in the United Kingdom, Canada and Australia. Fundraisers in the United States could benefit from implementing a recurring gift program, allowing donors to use their credit cards or banks accounts to give automatic monthly donations to the organizations they support. In addition to making it easy for donors to give larger donations over time, a successful recurring gift program can expand your donor pool and reduce donor attrition. Recurring giving easily integrates with other fundraising strategies, is cost-effective and provides a predictable stream of funding. Equipping your organization with sound technology that handles high volumes of data, keeps track of donors and provides analytical reports can enable you to make recurring gifts a valuable source of fundraising revenue.

## Fundraising for the 21st Century: Implementing a Recurring Gift Program

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At a time when many nonprofits are striving to do more with less, fundraisers across the United States are looking for new ways to secure funding for their organizations. These fundraisers are on a search for new techniques that increase donations, build donor loyalty and add a new level of predictability, while also improving operational efficiency.

One technique, known as recurring giving, has been used to great success by fundraisers in the United Kingdom, Australia and Canada, and is gaining popularity in the United States.

### What are Recurring Gifts?

The concept of recurring gifts is simple: donors commit to a donation amount that is paid regularly — most often monthly, but occasionally bi-monthly or quarterly.

What makes a recurring gift different from a pledge is that the gifts have no predetermined end-date. Donors are not simply making large pledges and paying them off over time. Rather, they are faithful supporters of the work you do and wish to demonstrate that commitment with regular, ongoing gifts. When signing up for recurring gifts, donors give your organization permission to charge their credit cards every month for a set amount or automatically withdraw donations from their bank accounts.

The target audience for recurring giving is current and potential supporters who are good direct mail and telemarketing donors. The average monthly gift can range from \$5 to \$50 per month. With low drop-out rates, no end-date for each recurring gift, and regular appeals to upgrade monthly contributions, the lifetime value of each donor can reach into the thousands (McKinnon, [Hidden Gold](#)).

## Benefits

Recurring giving has also been described as “regular giving,” as in “those who give regularly.” In the U.K., it is also sometimes called “committed giving.” An organization in Canada refers to recurring givers as “sustaining donors.” And others simply call it a “monthly giving program.”

Regardless of what you call it, recurring giving is a powerful fundraising method for organizations of all sizes. Recurring giving:

- ♦ Easily integrates with other fundraising methods being deployed at an organization. It is simple to add an option to your direct mail response cards and telemarketing scripts for donors to make recurring gifts. Because this method of giving relies on credit cards and checking and savings accounts for payment, it also makes sense to implement it as a part of your online fundraising initiatives.
- ♦ Is among the most cost-effective, long-term fundraising methods. The gift is only solicited once, and because it is handled electronically, processing costs are kept low. Additionally, donors must put forth effort to cancel their gifts, giving you the benefit of “donor inertia” (McKinnon, [Hidden Gold](#)).
- ♦ Provides a steady and reliable stream of income. Drop-out rates are low and predictable, so organizations can rely on future income more safely than upcoming direct mail or telemarketing efforts (McKinnon, [Hidden Gold](#)).
- ♦ Is convenient and easy. Once set up with an appropriate technology solution, thousands of gifts can be handled electronically, reducing the burden on staff.

Recurring gifts appeal to prospects and donors for many of the same reasons:

- ♦ The cost-effective nature of recurring giving supports donors’ desire to know their money is going to programs instead of fundraising costs.
- ♦ Donors appreciate your need to have a reliable source of income that helps your organization make long-term commitments to projects, producing sustainable change over time.
- ♦ Recurring gifts are convenient and easy for donors. In addition to eliminating the need for checks and cutting down on direct mail and telemarketing calls a donor receives, recurring giving enables donors to give larger gifts over time than they might be able to make if asked to donate the same amount all at once.

Finally, one very important benefit of a recurring gift program is that regular givers tend to be excellent major and planned gift prospects. Recurring gift donors have committed to giving your organization a gift every month, year after year. They clearly support the organization and believe in its cause.

## Challenges

While recurring giving has great potential, it is not yet fundraising nirvana. Like all development methods, it has unique challenges that must be understood and addressed. Some of the most common obstacles to implementing a successful recurring gift program include:

- ♦ Educating prospects and donors about its safety and reliability.

- ◆ Keeping up with changes in donors' addresses, bank accounts and credit cards — including expiration dates — so you can continue to receive the recurring gift without missing a payment or losing track of the donor.
- ◆ Setting up your financial accounts, electronic gift-processing relationships, and fundraising database to handle large quantities of gifts and sensitive financial information that must be accurately processed in a timely manner.

However, the benefits of recurring giving far outweigh the challenges.

## Success Abroad

Exactly how successful can a recurring gift program be? Take a look at these inspiring statistics:

- ◆ Help the Aged has 84,000 recurring givers participating in one of two main fundraising programs that raise about £6,500,000 each year (\$11,600,000 in U.S. dollars).
- ◆ The British Heart Foundation has more than 23,000 recurring givers contributing over £1 million a year (or close to \$1.78 million in U.S. dollars).
- ◆ Greenpeace Australia Pacific has 80,000 monthly donors and 10,000 annual donors helping them raise AUS\$1 million per month (\$754,000 per month in U.S. dollars). Greenpeace New Zealand has 20,000 monthly givers, and the World Wildlife Fund — Canada has 19,000.

### Organizations with recurring giving programs include:

British Heart Foundation

<http://www.bhf.uk.org>

Cal Farley's Boys Ranch

<http://www.calfarleysboysranch.org/>

Greenpeace Australia Pacific

<http://www.greenpeace.org.au>

Greenpeace New Zealand

<http://www.greenpeace.org.nz>

Help the Aged

<http://helptheaged.org.uk>

Ligonier Ministries

<http://www.ligonier.org>

World Wildlife Fund - Canada

<http://www.wwf.ca>

## Success in the United States

Recurring giving is not new to the United States, but it has not caught on here to the same degree as in other countries. However, a rising number of recurring gift successes clearly demonstrates its potential:

- ◆ Cal Farley's Boys Ranch in Amarillo, Texas, has been raising donations with recurring gifts since 1948. As the organization's founder, Farley traveled the region garnering support by asking donors to commit to \$1 per month. Fifty-five years later, the organization retains a few hundred of its original recurring donors.
- ◆ Ligonier Ministries, a Christian education organization, processes approximately 3,850 electronic gifts a month.
- ◆ The Massachusetts SPCA depends on 2,800 monthly donors to contribute \$270,000 each year (Wilhelm, "A Payment Plan for Charity," [The Chronicle of Philanthropy](#)).
- ◆ Amnesty International USA in New York raised \$4.2 million in monthly donations in 2002 (Wilhelm, "A Payment Plan for Charity," [The Chronicle of Philanthropy](#)).

While these are large organizations with vast constituencies, the same principles apply for smaller organizations.

## Establishing a Recurring Gift Program

Implementing this fundraising method does not require you to dramatically change your other programs. Instead, your focus should be on incorporating recurring giving into your current fundraising strategy. In doing so, it is important to focus on three key areas — people, process and technology.

### People



### Process



### Technology



### People

As with any fundraising technique, people are vital to your success — both the staff implementing the program and the constituents who respond by making a gift.

- ◆ Educate your staff about the benefits of recurring giving.
- ◆ Brainstorm with staff about how to incorporate this new fundraising method into other strategies your organization uses to raise money.
- ◆ Educate your donors. Use your newsletter, telemarketing calls, Web site and even direct mail to raise their awareness of the benefits to them.
- ◆ Ensure donors know that paying by credit card or checking and saving accounts is very safe and also creates operational efficiencies for the organization. Donors will appreciate having a greater portion of their gifts go to supporting the mission instead of administrative costs.
- ◆ Clearly state that donors can stop their gifts at any time.
- ◆ Offer your supporters the opportunity to join a special giving club for recurring gift donors.

### Process

Establishing new processes for handling recurring giving is critical to your success. Good planning up-front will ensure you have a reliable, scalable way to identify, reach out to, and manage recurring gift donors, as well as help you keep an eye on your overall progress.

- ◆ Create a name, logo, and special benefits for the special giving club for recurring gift donors.
- ◆ Develop a plan for recurring gift appeals, incorporating this fundraising method into existing strategies, such as your annual telemarketing campaign and standard response cards, in addition to new appeals focused specifically on recurring giving.
- ◆ Create an acknowledgement process that thoughtfully thanks donors and shows appropriate stewardship of the gifts. Most organizations thank recurring gift donors for the initial commitment but not for each monthly payment.
- ◆ Include donors in newsletter and annual report mailings, and acknowledge their ongoing long-term commitment at regular intervals.
- ◆ Consider which other solicitations recurring gift donors should receive. Some organizations continue to send routine solicitations, while other organizations limit or eliminate them.
- ◆ Plan ahead for how you will encourage regular supporters to increase their monthly donations — often called “upgrade appeals.” Thank donors for their previous commitments and gifts and ask for an increase in the amounts they are making monthly. Typically, organizations do not provide an option in upgrade campaigns to discontinue monthly gifts. Instead, they make it clear that donors who want to increase their gifts should respond. If donors do not respond, the organization will continue to collect the original amounts each month.



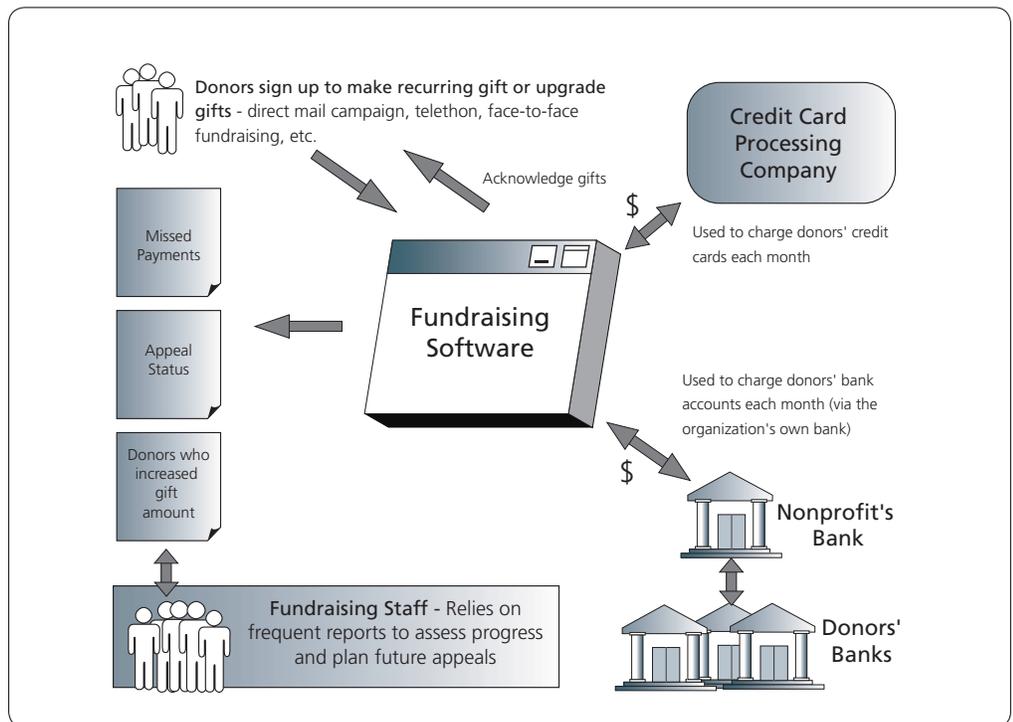
- ♦ Analyze your success. How is your program increasing? What characteristics are shared by your best responders to recurring gift appeals? How will you target them and other donors with the same characteristics?



### Technology

The more successful your efforts, the more data you will need to manage. Having the right technology in place to manage your recurring gift program is critical. But just looking for a system to specifically handle recurring giving is not the answer.

Recurring giving is only one of many fundraising strategies you may deploy at your organization. Regardless of the strategy you use to connect with donors, it is important to have a holistic view of each donor and that person's relationship with your organization. A donor management system — sometimes referred to as a constituent relationship management system — can provide that view in addition to equipping fundraising staff with critical information about current and future strategies.



Donor management systems are equipped to help you segment your donor base, create mailings and telemarketing forms, process gifts and receipts, seamlessly connect with your organization's Web page and online efforts, and acknowledge donations, all of which you need to manage your recurring gift program.

If you are looking to implement a recurring gift program as a new fundraising strategy, assess the solution you have in place to ensure it also allows you to:

- ♦ Record high volumes of recurring gift payments with the ability to automate key data-entry processes, reducing the burden on your staff.
- ♦ Effortlessly process recurring gift payments, connecting with a credit card processing

company and the bank your organization uses.

- ◆ Track the history of recurring gift amounts by donor. Because a fundraiser's goal is to build a long-term relationship with a donor, it is important to know how each donor's recurring gift has increased — or decreased — over time.
- ◆ Automatically transfer gift revenue to a financial management system.
- ◆ Identify missed payments — including how many payments the donors may have missed in a row — so you can follow up in an appropriate manner.
- ◆ Identify donors who have credit cards that are about to expire so you can proactively contact them and ensure they do not miss a payment.
- ◆ Analyze success using a wide variety of metrics. Because you ultimately want to replicate success, it is important to have information at your disposal that tells you which campaigns or appeals are most successful and when you should embark on them. You also need to know which donors — by age, gender, region, ZIP Code, etc. — tend to give recurring gifts.

Once you have verified that your technology solution can meet the needs of your recurring gift program, make sure you allow time to set up the system properly and that you:

- ◆ Understand the technical requirements for processing a large volume of electronic gifts each month.
- ◆ Create and test the processing requirements with your financial providers.

## Conclusion

Incorporating a recurring gift program into your integrated fundraising strategy is well worth the effort. As evidenced by the tremendous success achieved by nonprofits in other countries, recurring giving can play an important part in the constant challenge to secure funding from diversified sources. Equipped with a technology solution that minimizes the burden of handling high volumes of data — and helps you analyze and leverage your success — your organization can join others who have turned recurring giving into a critical component of their fundraising success.



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## Resources

McKinnon, Harvey. Hidden Gold. Chicago: Bonus Books, 1999. To order, go to <http://www.harveymckinnon.com>

Wilhelm, Ian. "A Payment Plan for Charity," The Chronicle of Philanthropy, October 2, 2003: 21-23.

### Further Reading

"Charity donations reach record high." Mirror.co.uk. August 30, 2003. <http://www.mirror.co.uk/news/24by7panews/page.cfm?objectid=13312333&method=full&siteid=50143>

Cloery, Paul. "Reading Is Fundamental." The NonProfit Times. November 15, 2002. [http://www.nptimes.com/dme/Nov02/dme\\_2.html](http://www.nptimes.com/dme/Nov02/dme_2.html)

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"Monthly Donors: Why you want them, how to get them, how to keep them." Canadian Fundraiser eNews. April 30, 2003. <http://www.canadianfundraiser.com/newsletter/article.cfm?ArticleID=787&ClientID=9697>

"Multi-Million Dollar Online Credit Card Donation Ushers in New Era of E-Philanthropy." American Express Web Site. May 15, 2002. <http://home3.americanexpress.com/corp/latestnews/e-philanthropy.asp>

"Recurring Gifts: Installments offer donors a convenient way of committing to larger gifts." Canadian Fundraiser eNews. April 15, 2003. <http://www.canadianfundraiser.com/newsletter/article.cfm?ArticleID=779&ClientID=9697>

Note: MasterCard International also offers free brochures about implementing a recurring giving program. These brochures also highlight the benefits of using the company's credit card as a part of those programs. See [http://www.mastercardmerchant.com/cgi-bin/orderform.cgi?form=market\\_acceptance](http://www.mastercardmerchant.com/cgi-bin/orderform.cgi?form=market_acceptance). Brochures of interest include:

- ◆ Reinforcing Relationships — An Overview of Recurring Payments
- ◆ Marketing your Recurring Payments Program — Turnkey Marketing Materials
- ◆ Increasing Donor Support — Overview of Recurring Donations and Turnkey Marketing Materials

## about Blackbaud

Blackbaud is the leading global provider of software and related services designed specifically for nonprofit organizations. More than 12,500 organizations use Blackbaud products and consulting services for fundraising, financial management, business intelligence and school administration. Blackbaud's solutions include The Raiser's Edge®, The Financial Edge™, The Education Edge™, The Patron Edge™, The Information Edge™, WealthPoint™ and ProspectPoint™, as well as a wide range of consulting and educational services. Founded in 1981, Blackbaud is headquartered in Charleston, South Carolina, and has operations in Toronto, Ontario, Glasgow, Scotland, and Sydney, Australia.

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