

9 Principles for



Successful Church Fundraising

Contents

1. Reaching and Keeping Donors _____	2
2. Motivation _____	5
3. Giving Experience _____	7
4. Trust _____	10
5. Bibliography _____	13
6. About Icon Systems _____	14

Reaching and Keeping Donors

I don't recall the speaker's name or her cause, but I remember the pitch. As I sat in the BJ Haan Auditorium at Dordt College, she made her call to action, to meet her in the atrium, make checks out to such-n-such. And then she made an implied argument that went something like this:

You may be thinking, Can I trust this charity? How exactly will the money be used? But how carefully do you think it through when you buy something for yourself? How much do you think about spending \$15 on a CD? And isn't giving \$15 to our cause more important?

I'm curious to see your thoughts on this approach in the comments. I can't say how well it worked on others sitting in the chapel.

For me, it worked like a trainwreck. I get the point, but my inner voice went on offense:

Yes, I think carefully before I buy things for myself, even for \$15. So instead of the guilt trip, and acting like me giving you \$15 is a mere nothing for me because I'm about to blow it on something trivial, why don't you earn my \$15 by convincing me your organization is trustworthy and giving me some data and showing me how that \$15 is going to be spent.

(And that's me as a 20-year-old college student. How cantankerous will I be 30 years from now?)

Everyone's different and reacts differently to calls to action, and that's just the beginning. They also handle money differently. They have different interests, different priorities, different visions. I and anyone else who's taken part in church meetings and planning has learned these things in a hurry.

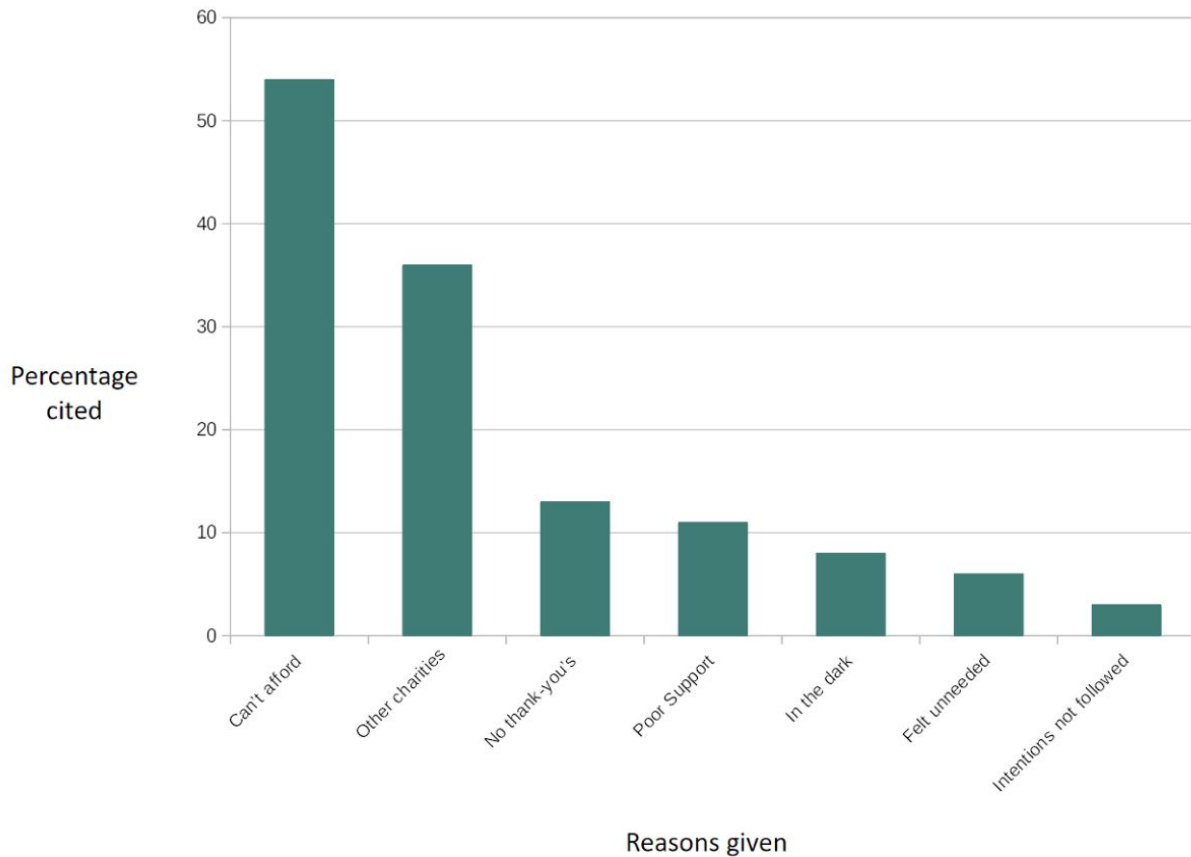
There's a lot for you as a church to weigh and consider as you try to secure the donations you need to survive and thrive, and it's getting harder for many of congregations. How can you put together a donation formula that works?

Maybe the best place to start is to look at reasons why people stop giving to churches and other charities. Adrian Sargeant, professor of nonprofit management at Henley Management College, Greenlands, lays out some reasons in a [study published in Wiley Periodicals](#). Some highlights from his breakdown:

- 54% quit because they can no longer afford it.
- 36% find other causes to be more worth it.

- 13% never received any acknowledgement for their support. (Ouch!)
- 11% cited variations of poor staff support and communication.
- 8% weren't informed how the money was being used.
- 6% thought the charity didn't need them.
- 3% felt the charity didn't honor their wishes.

Reasons Donors Leave



Graph by Icon Systems (iconcmo.com)

Data taken from A. Sargeant (2001)

We can flip that list over to get an idea of what a successful charity looks like. To gain and keep donors, a nonprofit

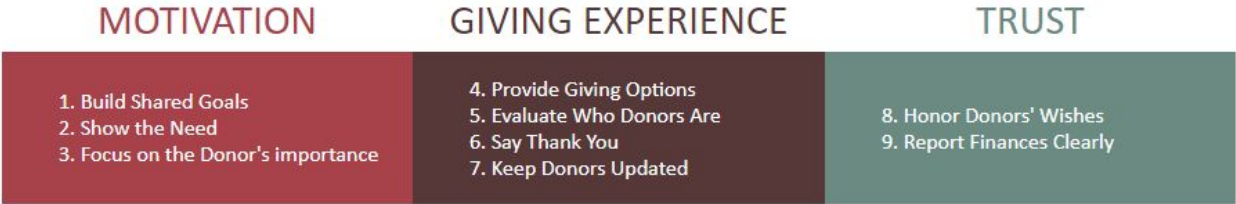
- supports causes that are important to donors.
- demonstrates to donors how it is addressing the need.
- thanks donors for their support.
- acknowledges its need for its donors' support.
- communicates well with its donors.
- honors its donors' intentions.

These characteristics are a nice distillation of research and collective wisdom from throughout the church sphere and the broader nonprofit world. Three themes emerge, and everything I find on the subject keeps coming back to them:

- 1. Motivation
- 2. Giving Experience
- 3. Trust

Here's the central tenet, the cornerstone around which everything comes together: respect and value the donor. Think about the donors, who they are, what they want, what motivates them, how you can make things easy for them, and what makes them trust you.

9 Ways to Build a Secure Church-Donor Relationship



Motivation

How do you convince donors that your project is worth giving to?

1 Lay the groundwork to cooperate toward a clear, shared goal.

First, a church organization and its congregation and donors need to share the same priorities. They need to have one vision of what the church is about. It takes work and communication to cultivate a common vision, but it's an essential first step to raising money. Church leaders who simply make up their own minds about spending priorities and then seek buy-in from the congregation, well, they'll have an uphill climb.

Working together from the start is a great way to respect and value the donor. Think about it; would you be more likely to donate to your church's fundraiser if you had some part in prioritizing and organizing it? That's why you need to reach out to your members. Get together and start sorting out the church's vision and how the church will collect and spend money.

In *The Dynamics of Church Finance*, James D. Berkley explains some ways to get a congregation's collaborative circuitry firing:

1. Create a church fundraising policy statement. This statement lays out how the church introduces and approves fund raising projects, what activities meet the church's identity and purpose, what activities don't, and so on. It settles certain questions so that they don't need to be argued or guessed at over and over.
2. Create a list of priorities. Start a committee or congregational meeting with a blank sheet of paper and a simple question: if the church could only fund 10 things, what would they be?

Based on my experience in church meetings, I'm especially fond of the second point. Better to get everyone's thoughts out in the open and nail down priorities before starting a project than to wait for all those feelings and conflicts to bubble up to the surface later. And they will.

2 Show the need. Don't just talk about it.

"Show, don't tell." That's what James Schaap would say in nearly every class in his fiction writing course.

Before I heard this bit of wisdom, I never noticed how often fiction writers settle for just telling story elements to the reader — “The losing pitcher was depressed” — and how much more potent their writing is when they show the reader:

“The losing pitcher sat motionless on the bench by his locker, his chin resting between his knuckles. He gazed at his dusty green cap as distant cheering echoed down the hall.”

Vivid imagery lights up parts of the brain that mere facts just don't, and the same goes for vivid storytelling. A picture, a story, personal details — these give our imaginations, our memories and our internal motivational instincts something to latch onto.

Patrick Moreau [cites controlled studies](#) by Small, Lowenstein and Slovic showing that subjects who heard specifics about an individual's life could be over twice as generous as subjects who were given statistics.

In fact, study subjects were actually more generous in response to individual details than they were to details plus statistics. I'm not recommending ditching stats and figures, but that's an interesting datum.

3 Focus on your donor's role in addressing the need.

When you show the need for the fundraising effort with real stories, remember: respect and value your donors.

John Hayden writes in [“5 Biggest Nonprofit Storytelling Mistakes to Avoid”](#) that a crucial element of the story is to show the donor how he or she can play a meaningful role in improving the person's life or moving the project forward. He writes, “Human beings are hardwired to seek resolution in any story, and in fundraising stories, it's the call-to-action.”

He writes further about how to focus on the donor with that call-to-action in [“Increase Fundraising Results by Making Your Donor FEEL Like a Hero”](#):

“The word ‘donate’ just doesn't have the same oomph as ‘give clean water’ or ‘feed hungry children’.

For one thing, ‘donate’ doesn't place the donor in the role of the hero as well as specific verb-impact phrases.”

Once the project is in progress, keep telling the story and showing donors that their contributions are important.

Giving Experience

It's easier to keep a donor than to get a new one. A church that's letting donors slip away won't be financially sound for long. But many churches, and nonprofits generally, just don't do the things necessary to keep ties with their donors strong. Donors often complain about their giving experience.

4 Say thank you.

Author and nonprofit adviser Kivi Leroux Miller did an [experiment](#). She sent donations to 12 national charities, \$20 each, and waited to see how many thank-you's would come back.

Four.

That's it.

No donor respect.

Not good enough, charity.

Recall from Adrian Sargeant the third biggest reason donors quit giving to a charity: no acknowledgment.

5 Think about who your donors are and then about how to do outreach.

It's about the donor, and the donor is not you.

Keep that in mind when you're thinking through how you're going to reach out to donors and keep in touch with them, and what kind of language you're going to use. As Mary Cahalane explains in "[4 Ways You Might be Making It All About You](#)", don't just go with what seems best to you. Consider the donor.

Maybe you don't like phones (or maybe it's email, or Facebook). If that's how your donors prefer to communicate, you need to reach out to them in the way they're most comfortable.

6 Provide different giving options.

People handle money very differently. Some prefer online giving, some writing checks, some giving their credit card over the phone, and so on. Some like to interact with a real person when they give, some prefer to avoid the interaction.

Keep in mind that there's a growing number of young adults who have never written a check. Online and text giving are important if you want to get this crowd. [According to Kirsty Weakley](#), a full third of 18 to 24-year-olds told surveyors that they would seek another charity if not able to give by text or online, and over half said that online and text giving encouraged them to give spontaneously. And that was back in 2011, just four years after the smartphone was a thing.

Spontaneously — that's important. The window of opportunity when a donor feels like giving can be short.

On the other hand, some argue that because older people tend to have more money and are more likely to give to charities, you should focus your efforts on them.

On the other hand, how sound is the future of a church that focuses only on older donors?

On the other hand... No, there is no other hand! Tradition!

Ahem. Sorry.

The takeaway is that more giving options means less chance that a potential donor will slip away.

And one more thing about giving options: you may want to emphasize that even small contributions are important to you. When donors are navigating some rough financial seas, it's important to keep welcoming and encouraging their donations, however meager. Once they stop giving, you may not see them again. Show appreciation for even very small gifts.

7 Keep donors updated.

James Berkley captures this idea with a great metaphor:

One year, I took the church youth group to Fourth of July fireworks on the beach in California. We told everyone how fun it would be. We wrote it up in the youth flier. We gathered at the beach and roasted marshmallows. This was going to be great!

Then the fog rolled in. What we saw that evening was a random set of faint glows in the thick fog.

That should not be the experience of the congregation following the big buildup of a stewardship campaign. After the flurry of activity, publicity, and appeals, people deserve more than random faint glows of follow-up information.

Let the donors know regularly how their gifts are bringing about changes. (Notice how I phrased that?) It's essential for donors to feel connected to the story of how your mission is playing out and improving lives.

Also, be sure to give donors regular, clear statements of what they've given. That's important not just for acknowledging their gifts but also for tax purposes. The statements should have

1. the date of each gift,
2. the amount of each gift,
3. the fund or purpose for each gift,
4. and the total given.

Also, if you're using pledges, the statement should show donors where they're at in fulfilling their pledge.

Trust

Look back at Prof. Sargeant's surveys. Two of the main reasons people gave for leaving a charity were a) the charity didn't make clear to them how the donations were being used, and b) they felt the charity wasn't honoring their wishes. Those are trust failures.

Again, respect and value the donor. Your church needs to do two things to gain and keep that donor's trust:

1. Honor the intent behind the donor's gift.
2. Show the donor how the money is being used.

These two points are where the speaker in that college chapel lost me.

And, since I'm a developer and support rep for a church management/accounting software company, it's at these two points that I have the most experience helping and guiding churches.

8 Honor the wishes of your donors.

You need to spell out clearly to donors the purpose for their donation, and then you need to stick to it. If there's any reason that you need to change the purpose, you need to be transparent with your donors about it.

It's a matter of good faith and good stewardship. Misuse of funds is a common problem, and donors can get uneasy about your project if all they see are "random faint glows of follow-up information." Instead, they should see the inner workings of your project's finances. They should see that you're honoring what you told them to start with. It will help you gain their trust. Also, stepping back to our first theme, it will motivate them to give when they see specifically how their donations are helping.

And that brings us to our last point.

9 Report clearly to donors the church's and project's operations and financial state.

At the outset of a capital campaign or a special fund raising project, the organizers need to be able to answer basic financial questions.

- What is the fundraising goal and the deadline for reaching it?

- How is the money going to be saved? (checking account, savings, some sort of investment)
- If donations are going to be deposited in the same asset account with other church funds, how is the money going to be designated (or set apart) and tracked?
- How is the money going to be spent? What expense accounts will you use and what are your projections for them?
- What if not enough money is raised? Will money be transferred from another fund?
- What if too much money is raised? At what point is money from the designated project fund available for other uses?

As your project progresses, report on the its finances often and with transparency. You should be able to not just tell donors how much money has been raised, but answer questions like these:

- How has the money been spent?
- How much money is currently available in the fund?
- Are there any debts the project has taken on, and what is the total of that debt?
- If there is debt, what is the project's current net worth (assets - liabilities)?

For-profit accounting gets complicated, and nonprofit is much more so. Depending on your project and how complex your church's finances are, keeping good track of designated funds can be kind of mind warping. It can turn into a game of tag-team 3D chess, or maybe group juggling with different size wiffle balls on a breezy day while whistling "Flight of the Bumblebee" backwards. (Throw in balancing over a crocodile pit because, let's face it, the stakes for messing this up can be pretty high.) Find the tools you need. Modern accounting software designed for nonprofits can make things immensely easier.

The Church-donor Relationship

Work with your donors to cultivate a shared vision for your church.

Value them.

Acknowledge them.

Communicate with them.

Show them what you're doing with their gifts.

Listen to them.

In the end, the “donation formula that works” is not a formula at all. It’s a relationship. And it comes down to this: Respect your donors, value your donors, and earn their trust.

Bibliography

- Berkley, J (2000). *The Dynamics of church finance*. Grand Rapids, MI: Baker Publishing Group.
- Cahalane, M. (2017). Four ways you might be making it all about you. Retrieved from <https://mcahalane.com/4-ways-you-might-be-making-it-all-about-you/>.
- Haydon, J. (2018). Five biggest nonprofit storytelling mistakes to avoid. Retrieved from <https://www.johnhaydon.com/biggest-nonprofit-storytelling-mistakes/>.
- Haydon, J. (2018). Increase fundraising results by making your donor feel like a hero. Retrieved from <https://www.johnhaydon.com/increase-fundraising-results-donor-hero/>.
- Leroux, K. (2009). The dismal results of my online giving experiment. Retrieved from <http://www.nonprofitmarketingguide.com/blog/2009/03/11/the-dismal-results-of-my-online-giving-experiment/>.
- Moreau, P. The importance of storytelling over statistics: A powerful research study. Retrieved from <https://www.musestorytelling.com/blog/importance-of-storytelling>.
- Sargeant, A. (2001). Managing donor defection. Retrieved from www.campbellrinker.com/Managing_donor_defection.pdf.
- Small, Loewenstein, & Slovic (2007) Sympathy and callousness: The impact of deliberative thought on donations to identifiable and statistical victims. *Organizational Behavior and Human Decision Processes* 102.
- Weakley, K. (2011). Digital giving attracts younger donors. Retrieved from <https://www.civilsociety.co.uk/news/digital-giving-attracts-younger-donors.html>.

About Icon Systems, Inc.

For 20+ years, [Icon Systems](#) has been developing high-quality software exclusively for non-profit religious organizations.

The company was founded in 1992 by Robert Gifford, who previously headed research and development for Great Plains Software. Under his leadership, [Great Plains Accounting](#) and [Dynamics](#), two highly popular accounting software systems in the for-profit industry, were created and eventually sold to Microsoft for over one billion dollars.

Icon Systems' software is currently used by thousands of churches globally. Since its founding, Icon Systems has become legendary for its commitment to high-quality products as well as outstanding service and support for our [church management software](#).

Please share...

9 Principles for Successful Church Fundraising by Icon Systems, Inc. is licensed under a [Creative Commons Attribution-NonCommercial-NoDerivs 3.0 United States License](#).

Please attribute Icon Systems, Inc. as the creator of this work. Permissions beyond the scope of this license may be available at <https://www.iconcmo.com/>.